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ABSTRACT

This document discusses the Arkansas Plan, a proposal to the state legislature in 1976 by Governor David Pryor that would restructure the state's financial system and redefine the state/local relationship in Arkansas government. Major changes proposed by the plan--which was ultimately defeated--would allow local voters, not the state, to determine the type, level, and cost of the local services they wanted. The introduction discusses the general political situation out of which the plan evolved. Research is reviewed concerning the origins of the plan, its public reception, and its treatment by the legislature. A case history of the plan from its early formulation through its nearly total rejection by the legislature is followed by an analysis of the process using a public policy model developed by Charles O. Jones. Two factors that led to the plan's defeat, the document concludes, were that the strategy to implement it was imperfect and the plan was not open to compromise. Strategy for approval in the policy process, then, should command as much attention and time as the policy itself. (Author/LD)

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The Arkansas Plan
A Case Study in Public Policy

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Preface

In a preface to a book or monograph, authors try to answer very briefly such questions as why the book was written and to whom they are indebted for assistance in the preparation of the book. We wrote this book because we were intrigued by Governor Pryor's imaginative approach to the very serious problem of the proper fiscal relationship between the state and local governments in Arkansas. We thought the ideas and the unusual features embodied in the Arkansas Plan worthy of a case study. Although case studies are sometimes limited in applicability because they deal with only one issue in one state, the uniqueness of the Arkansas Plan lifts it out of this category. It is hoped that this study will provide some insights that are relevant beyond the boundaries of the state.

We are indebted to many people for their assistance and guidance. It would take too much space to list the names of the thirty people we interviewed, but we are grateful to them for their time and their knowledge. In particular, we would like to express our appreciation to Don Harrell, press secretary to Governor Pryor, who greatly facilitated our interviews with the key people on the Governor's staff. Marylyn Parins helped edit this monograph, and the result you see is greatly improved by her ability to make the densest prose coherent and readable. We are also grateful to Governor Pryor for his willingness to be interviewed at length; to T. Harri Baker, an associate vice chancellor at UALR, for his help and direction at an early stage of the manuscript; and to Charles O. Jones, author of *An Introduction to the Study of Public Policy*, for providing us with a framework by which to investigate and analyze the Arkansas Plan.

The comments and conclusions in the book are those of the authors, and the people who helped in the process should not be blamed nor held responsible for what we have said or written.

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UALR
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The Arkansas Plan: Introduction

A feeling of anticipation and cautious optimism filled the crowd gathered in the House of Representatives chamber on the evening of October 11, 1976 as they awaited the presentation of Governor David Pryor's "secret" plan for restructuring the state's financial system and redefining the state/local relationship in Arkansas government. The Governor had been working on his plan for a number of months, but leaks as to the scope or focus of the plan had been few and scattered. In the absence of any clear picture of the Governor's plan, curiosity provided an attentive audience of state legislators, state executives, local government officials, and interest group representatives. The presence of television cameras preparing to broadcast the plan to the people of the state indicated to the assembled audience that an important event was about to take place. The drama of the occasion, however, was no greater than the shock that Governor Pryor delivered to the political community of Arkansas.

No one had anticipated the far-reaching and radical changes in the manner of financing state and local governments suggested by Governor Pryor in his address that night. A politically knowledgeable audience had packed the House chamber to hear the Governor speak, and, although there had been some press speculation about the nature of Pryor's new fiscal plan, it had not prepared his audience for the comprehensiveness of the Governor's proposal, nor for the daring innovativeness of the whole scheme. In essence, Pryor suggested to the Legislature that financial transfers by the state to cities and counties (called state turnback) be terminated within one year. In order to provide the local governments with a substitute for the lost turnback, the Governor suggested that authority to levy broad taxes (income, sales, payroll) be granted, after a vote of the people, to county governing bodies. As an incentive for local voters to approve the new local taxes, the Governor further suggested that there be a sizeable cut in the state income tax. In short, a major change in state/local relations in Arkansas was proposed. The thrust of what came to be called the Arkansas Plan was to allow local voters, not the state, to determine the type, level, and cost of the local services they wanted.

Initial reaction to the Plan, with some exceptions, seemed to be guardedly optimistic, and Governor Pryor's new approach was noted by *Newsweek*[1] and received favorable comment not only in much of the Arkansas press but also in the *Louisville Courier-Journal*,

the *St. Louis Globe-Democrat*, and the *Wall Street Journal*.[2] These last two newspapers compared Governor Pryor's new initiative with Ronald Reagan's proposal, in the 1976 Republican presidential primary, to transfer ninety billion dollars' worth of federal programs back to the states. But the early enthusiasm associated with the home rule aspects of Governor Pryor's plan diminished as the details of the Plan were more fully revealed. Within a fairly short time, interest group opposition became intense, expected public support failed to materialize, and legislative opposition hardened; the Plan was drastically modified twice before the end of the legislative session, but the modifications produced few positive results, and, in the end, the Arkansas Plan was defeated. The program that the Governor had proposed on that October evening was not just an adjustment of state funding; rather, it involved a far-reaching and substantial shift of power and of fiscal priorities for Arkansas. The Arkansas Plan would be the most significant program proposed by Pryor during his terms as Governor. It had required countless hours of staff time to develop and demanded even more time before it was finally laid to rest by the Legislature. The Governor devoted his own energy, and the energies of his staff, the executive branch, and his personal friends to the development and passage of the Plan. He gambled with his political future and with the success of his administration in his devotion to this proposal. After the initial shock, many observers wondered just why he had gambled so much on this one proposal and why he had chosen this particular time to attempt it.

The answers to these questions are not altogether clear, but a review of Pryor's politicial concerns and of the structure of Arkansas government may provide some clues. David Pryor was elected to the Arkansas House of Representatives in 1960. At that time, he was a young newspaper publisher from Camden, a medium-sized city in southern Arkansas. He quickly became associated with a small group in the Legislature who were pushing for a new constitution and for reforms in county government. This group, though young and enthusiastic, made little progress since both the legislative and executive branches were controlled by Governor Orval Faubus, who was then at the height of his power and had little sympathy for the "Young Turks". Nevertheless, the seeds of reform were sown, and Pryor distinguished himself as a hard-working reformer, not easily frightened by those in power.

During the time that Pryor was establishing his credentials in

the Legislature, Arkansas, like much of the South, was changing. Through the 1960s, economic development was increasingly considered as essential to its future. Many state leaders felt that to ensure this economic development, a change in the image of the state was needed so that Arkansas would not be judged solely on the basis of the Central High crisis of 1957. Change both in image and in politics came to Arkansas with the election in 1966 of Winthrop Rockefeller, the first Republican governor in Arkansas since Reconstruction. Rockefeller was followed in office by Democrat Dale Bumpers in 1970, and during both administrations such things as prison reform, executive and legislative reorganization, racial moderation, and attempts at constitutional reform took place. During these two administrations, Arkansas was presented to the nation in a better light, and the climate for the industrial development was greatly improved.

During this period of change, David Pryor was elected three times to the United States House of Representatives from Arkansas' Fourth Congressional District; he made a record as a progressive congressman interested in social programs and particularly concerned with the problems of the elderly. Perhaps feeling that the state was ready for another change, in 1972 he challenged senior U.S. Senator John McClellan in the Democratic primary. Although Pryor ran a better than expected race in the general primary, McClellan defeated him in the runoff. In 1971, Pryor easily won a race for governor, but many observers felt that this was simply a consolation prize and that his eyes were still on McClellan's seat, which might become available in 1978.

Pryor's particular abilities and interests were somewhat stifled by the governor's job. The 1874 state constitution severely handicaps the governor as executive leader since it limits appointive power, term of office, salary, control over highways, planning, veto power, and perhaps unkindest of all, required that Pryor take office in January, 1975, at the same time the Legislature met for its regular biennial session. Pryor met the legislature with the previous governor's budget (only quickly reviewed by his staff) and had only two or three months to get his legislative package in order and presented for passage before the Legislature adjourned. This situation, of course, was not unique to Pryor's governorship, but it no doubt made him aware that he would have only one more opportunity to pass legislation before the 1978 election. Even this opportunity, as it turned out, would be shaped by the unusual political climate of the

1977 session of the Arkansas Legislature. By 1977, it was generally assumed that McClellan would retire and that his Senate seat would be open in 1978. This situation, in turn, was expected to lead to a mad rush for important political offices in Arkansas as it was believed that Governor Pryor and two or possibly three members of the Arkansas Congressional delegation would vacate their own offices to run for the open seat, thus providing for a major reshuffling of federal, state, and even local elective offices. With these possibilities overhanging that 1977 session, ambition and political maneuverings were at an even higher intensity than usual, and the Governor's plans suffered accordingly.

These peculiarities of Arkansas politics were further complicated by the structural problems of a two-year term for the governor and a Legislature that meets for only sixty days every two years. The question raised above as to why Pryor chose the 1977 session to present the Arkansas Plan is perhaps answered: it was his only opportunity!

It would be easy to say, as some have said, that Pryor's motivation in presenting the Arkansas Plan was to provide for a sizeable state income tax reduction and thus get favorable publicity. Although Pryor no doubt planned to run for the U.S. Senate seat and would not have minded favorable publicity, the Arkansas Plan was not a good vehicle. Every one of his political advisors and personal friends that we interviewed had advised him not to get involved in the issue. The reasons given him were many: the Plan would make enemies; it was too complicated to be easily understood by the people; it depended for success on the passage of a series of complicated, interrelated legislative acts; the success of the program would not be felt until after the 1978 election; the legislature was filled with political enemies, some in key positions; and success, in any event, was doubtful.

The motivation for proposing the Arkansas Plan seems to have been more than political ambition, however. Pryor has said that the thrust of the Plan was two-fold: it was intended, first, to decrease local dependency on state funds and therefore to increase local governments' independence and, second, to restrict the growth of state government and to redirect funding into the new state social programs.[3] These were real problems to the Governor and reflected the experience of his first term. Certainly the condition of state finances and the dependency of local governments on intergovernmental transfers for funds had provided Pryor with a major

dilemma during his first two years as governor.

Governor Dale Bumpers had been blessed with a state economic situation that provided a windfall of new money which he used to initiate new state programs and to increase funding for old programs. Pryor inherited his job from a popular governor who had expanded state expenditures and increased public expectations. However, during Pryor's first term, the economy soured, state revenues decreased, and Pryor was stuck with more programs than money. His first term was one of cutback and frugality, and he characterized his administration's attitude during this time as "poor but friendly." Nevertheless, he knew first hand of expanded payrolls, increased demands, and rising expectations, and these matters concerned him. He also recognized the limitations that lack of state revenue placed upon his own plans and priorities for the stage; priorities that included programs for the elderly and for children. Pryor, no doubt, came away from his first term frustrated by his inability to control the state government and its growth.

One large recipient of state funding was local government. Succeeding administrations had increased state turnback to local governments to the point that over a quarter of a billion dollars had been transferred during the past twenty years. More drastic, however, was the increase in total county and municipal aid, from just under $1.5 million in the fiscal year 1945-46 to over $22.5 million in fiscal 1975-76.[4] State turnback now approached five percent of total state expenditures. This turnback money, Pryor reasoned, could be used not only for state government functions but also to allow for a healthy tax cut. The local governments in the state were exhibiting, in Pryor's view, the same dependent relationship with the state that many states had with the national government, and he felt that this was not a healthy situation. Fiscal control at the local level would free local governments from dependence upon the state.

County and municipal governments in Arkansas are denied by the state constitution the ability to set a property tax rate of more than five mills for general operations. Other special purpose millages are allowed, but the revenues from these property taxes can be used only for specific purposes. The result of this tax-rate limitation is greater reliance upon intergovernmental transfer payments. A study by the Arkansas Municipal League in 1976 showed that large cities accounted for only 6.14 percent of their total revenues from the five-mill general property tax; for medium-sized cities it was 5.3 percent, and for small cities, 6.28 percent.[5] Certainly, under these

conditions, cities cannot rely on property taxes as a major source of revenue. While figures are not available for counties, it can be assumed that they do not receive a large percentage of revenues from the general property tax either. The local governments must get their money elsewhere. The same AML study showed that large cities received about half of their revenues from turnback funds of various kinds: 24.96 percent from the state, 19.77 percent from the national government through revenue sharing, and 4.03 percent from general government grants of other kinds.[6]

In Arkansas, medium-sized cities received 47.79 percent of their total revenues in transfers, with a greater amount coming from the state and a lesser from federal revenue sharing. Small cities show an even greater reliance on other levels of government. They receive 61.17 percent of their total revenues from other governments, including more from both state turnback and federal revenue sharing.

As these figures show, the pattern is one of dependency. The state provides at least twenty-five percent of local revenues for all cities in Arkansas. It was to alter this pattern of dependence and the ward-like status that accompanied it that Pryor proposed the Arkansas Plan.

Another factor that attracted Pryor to a proposal for greater local control was the recent reform of county government in Arkansas. In 1974, the voters of the state had amended the constitution to provide for an innovative change in county government. Amendment 55 created a separation of powers between the county judge (an elected executive officer) and the quorum court (the county legislative body). The amendment gave significant home rule powers to counties and increased the authority, responsibility, and representativeness of county government. Pryor was counting on these newly reformed governments to provide better representation and administration at the local level. Local government reform had begun, and Pryor may also have felt that the Arkansas Plan would help it along.

Speaking to the Governor in July of 1977, the interviewer had the impression of a man deeply troubled by the dependency spawned by intergovernmental relationships, both state and local, and federal and state. He spoke at length about the difficulties of achieving local control of funding and services, and noted that the people who would have benefitted most never understood his reasons for proposing change.[7]

The question of why Pryor proposed the Arkansas Plan is not

easy to answer. Probably, as with most things undertaken by humans, there is no one simple answer, and, in the final analysis, a combination of factors is involved. This introduction has discussed the general political situation out of which the Arkansas Plan evolved. In addition, we have done considerable research into the origins of the Plan, its public reception, and its treatment by the Legislature and have conducted over thirty interviews with the principals involved. Drawing on these sources, we shall present a case history of the Plan from its early formulation through its nearly total rejection by the Legislature; we shall then provide an analysis of this process using a popular public policy model developed by Professor Charles O. Jones. This dual approach, it is hoped, will give the reader a better understanding of both the Arkansas Plan itself and the processes by which public policy is made (or, in this instance, not made) in Arkansas.

The Arkansas Plan: A History

"The Arkansas Plan, as Governor Pryor's fiscal innovations have come to be known, was born a year ago in some late night brainstorming at the Governor's Mansion between Mr. Pryor and a young doctoral student named Steve Nickles." This was the conclusion drawn by Ernie Dumas, a veteran political reporter, in November of 1976, in an informative, retrospective article on the origins and the development of the Plan.[8] Steve Nickles had been one of Governor Pryor's closest advisors since 1972 and had helped to formulate the Governor's first legislative program in 1975. In the early fall of 1975, before Nickles returned to Columbia University where he was working on his doctorate in law, he and the Governor spent many hours discussing the problems that might dominate Pryor's second term. Concluding that the overriding concern would be the financing of local government, they developed a strategy to solve that problem. As Dumas reported,

> The state would surrender part of its tax resources as a demonstration of good faith and allow local governments broad taxing powers which would be exercised by the voters in county-wide taxing units. The state would end its general aid to cities and counties and concentrate its financial resources on purely state concerns.[9]

Although some refinements would be added to these major concepts, they would remain intact until the official announcement of the Arkansas Plan on October 11, 1976. Two other issues were considered but were not placed in the Arkansas Plan. One was property reassessment (real property at this time in Arkansas was assessed at twenty percent of market value for tax purposes), and the other was the placing of a ceiling on the Minimum Foundation Aid Program — the program through which state funds are apportioned to local school districts.[10]

The Governor and his advisors were apparently disturbed by the amount of state money being allocated in turnback to cities and counties and to public and higher education. Nickles indicated in an interview that they felt state turnback to cities and counties and fiscal assistance to education left little room for innovative programs in health, care for the aging, and social services — areas that are more clearly the responsibility of the state.[11] Under the concepts developed by the Governor and his advisers, the state would cease its financial assistance to cities and counties thus freeing state resources

for more genuine state needs. Turnback funds to cities and counties would, it was hoped, be replaced by broad taxing authority that could be exercised by the counties if the voters approved. The proposed tax cut in state revenues would not only be an incentive for local voters to approve local taxes but would also force much tighter budgets for state agencies, higher education, and public education. Political interest groups that would be affected by these changes were not consulted before the announcement of the Plan because, as Dumas reported, their opposition was taken for granted and even somewhat discounted; it was also thought that through prior consultation with these groups, the philosophic purity of the Plan "would have been diluted."[12]

Governor Pryor kept the ideas he and Nickles had discussed confidential and then contacted Nickles in April of 1976 and asked him to put their conclusions into written form.[13] A two-day budget retreat at Petit Jean State Park in May of 1976, attended by top state fiscal officers and by some of the Governor's staff, was the first testing of the Arkansas Plan. Steve Nickles presented the essentials of the Plan to this group for reactions and comment. According to one participant, the necessity of the Plan's being presented as a total package was accepted although the specific issues to be included in the package were not yet decided.[14] The Governor then met with about a half dozen of his close personal friends and occasional political advisors on July 20, at the Governor's Mansion. Although some staff members were also present, the meeting was essentially one in which the Governor sought the advice of his political supporters. Virtually all the advice was negative;[15] he was cautioned that the Plan "was too revolutionary and would incur the wrath of organized groups."[16] The flavor of this July meeting is perhaps best summed up in the remark of one person there who told the Governor that he might "be loading the wagon with more than a mule can pull".[17]

Another meeting was held in Hot Springs still later in the summer of 1976, with mainly the Governor's personal staff and important agency heads in attendence. Apparently, final decisions as to what would go into the package were made then.[18] The Governor decided to stay with allowing the counties the option of the sales tax. Dumas reported that Pryor was "fundamentally opposed to the sales tax," but that the Governor felt it would be philosophically wrong to limit people's choice in this matter. Pryor also retained the concept of placing all the new taxing authority in the counties rather than the cities, feeling that Amendment 55 (the county reorganiza-

tion amendment that would take effect January 1, 1977, and would make county quorum courts more comparable to city councils in power and membership) would revitalize county government and that the new quorum courts might be more open to change.[19] At this same Hot Springs meeting, decisions were made as to timing and strategy. The strategy involved not only "taking the Plan to the people" but also refusing compromise on any of its important parts; these latter were so interrelated and interdependent that loss of any one part could jeopardize, or destroy, the remainder.[20]

On August 14, 1976, Governor Pryor held a news conference and revealed that he had a plan to ease the financial problems of local government. He said that the solution to the financial plight of local governments would be found in greater home rule and not in additional taxes at the state level. He also announced that in October he planned to go before the Arkansas Legislative Council with a "very comprehensive change " in financing state and local government.[21] However, the Governor would not discuss any specifics of the Plan.[22] Despite his attempts to keep the details of the Plan secret, rumors began to circulate, and a *Gazette* reporter speculated on September 19 that "the heart of the Governor's Plan is a local option sales tax coupled with a cut in state income tax rates and a general phasing out of general state aid to cities and counties."[23]

At his press conference on August 14, 1976, Pryor had indicated his strong personal opinion that there would be no increase in the state sales tax. Because of this statement and because of the rumors about a cut in the income tax, a sales tax option, and a phasing out of turnback to cities and counties, groups that would benefit from retaining the status quo or from an increase in the state sales tax began to show concern about what the Governor might be proposing. The Advisory Council to the state Local Services Department, composed primarily of county and city officials, was not enthusiastic about local option taxation as a fiscal solution and recommended instead more turnback and an increase in the state sales tax.[24] Bill Becker, President of Arkansas AFL-CIO, sent a letter to the Governor opposing the rumored local-option sales tax.[25] The universities and colleges expressed reservations about an income tax cut, and the Association of Arkansas Counties opted for a state sales tax increase. On October 6, 1976, Governor Pryor appeared before the Political Action Committee of the Arkansas Education Association and told them that they might not like his Plan, which he characterized as "very controversial, very untried, very unique."[26] The Political Ac-

tion Committee responded by withholding any endorsement of Pryor in his race against Republican Leon Griffith until they had seen the details of his Plan.

The general state of uncertainly probably helped opposition to build even before the official unveiling of the Arkansas Plan on October 11. Another element of uncertainty had been added by the presentation of a "home rule" plan to the Legislative Interim Committee on City, County, and Local Affairs on September 30, 1976. The presentation was made by Ron Copeland, director of the Department of Local Services, and although he was careful to state that his plan was based on a study by his department and that the recommendations were those of the department alone and not the Governor, he did concede that "some of his recommendations might not square with what the Governor would ultimately propose."[27] The Copeland Plan proposed that both cities and counties be allowed to levy a broad range of taxes simply by a vote of the governing body of the city or county, that turnback be phased out except for certain areas in which the state has some related responsibility (such as solid waste projects and minimum jail standards), and that property be assessed at 100 percent instead of 20 percent of market value with time allowed for counties and cities to lower present millage rates.

Steve Clark, Executive Secretary to the Governor, said that the Governor could not endorse the Copeland Plan because it did not provide for voter approval of proposed local taxes. He also denied that the Copeland Plan was a trial balloon or a forerunner of the Pryor Plan.[28] Nevertheless, anxiety among the groups to be affected by the Arkansas Plan may have been heightened by this episode.

On October 5, 1976, a dress rehearsal for the presentation of the Arkansas Plan was held at the Cajun's Wharf restaurant in Little Rock. Some dozen people were present, including agency heads, administrative staff people, and personal political friends and advisors.[29] However, everything was in place by this time, and the meeting was held only to get reactions to the manner in which the Plan was being presented, not to the Plan itself.

The Governor met with his Cabinet on Friday, October 8, 1976, three days before the release of his Plan, and sensing the opposition that was already building, he compared their situation to that of an encircled wagon train. They would be in the middle, with people shooting at them from all sides. He said that it would be "pretty tough for a couple of weeks ... but after that was over, we'd take the offensive."[30]

Early Reactions

Normally, the Governor addresses the Arkansas Legislative Council on the second day of the fall budgetary hearings that begin in October. This would have been on Tuesday, October 12. In this case, however, Governor Pryor contacted the Chairman of the Arkansas Legislative Council and asked that a special meeting of the Council be held on Monday night (October 11) because of the importance of the topic and the need for maximum media coverage.[31] This request was granted by the Council, and the meeting to be held in the chamber of the House of Representatives was expanded to include other legislators as well as elected county and local officials, although it was still technically a special meeting of the Council. Governor Pryor also sent letters to hundreds of city and county officials and candidates for city and county offices urging them to watch the televised proceedings.[32]

On October 11, the Governor presented a complex and daring plan to alleviate the fiscal problems of state and local government and to change the fiscal relationship between the two governments. He stated in his speech that "the time has come to restructure the relationship between state government and local government—and between local government and the community it serves. State government cannot continue to act as a giant school board, a city council, and a county government."[33] A recurring theme of the speech was local home rule although some parts of the proposed Arkansas Plan did not relate directly to home rule or to the fiscal relationship between state and local governments.[34] The Arkansas Plan was presented as a complete unit whose interrelated parts could not be changed without great damage to the whole. In a press conference held after his speech, Governor Pryor called his Plan "a puzzle that fits together." He said he would "tolerate no major change that might jeopardize the way the pieces fit."[35]

The package contained many important interrelated parts. County quorum courts could propose to the voters any tax other than property taxes; this included major taxes such as sales, income, and payroll. If the voters approved the tax, the quorum court would decide how much of the tax proceeds would be allocated to the county government and how much to cities. It could even choose to share some of the tax proceeds with the local school districts.

This first major part of the Arkansas Plan was probably the most unexpected. County quorum courts in Arkansas, prior to the passage of Amendment 55 in 1974, were large unwieldy bodies completely dominated by the county judge. Under Amendment 55, county quorum courts were given the power to become genuine legislative bodies standing on an equal basis with the county judge. No quorum court in the state could have fewer than nine members nor more than fifteen which meant that the unwieldy legislative bodies of the past would be eliminated (Pulaski County, the state's most heavily populated county, dropped from 457 to 15), and the county judge and the quorum court in each county would be much more analogous to a mayor and a city council.

No one, however, was quite sure how the new procedure under Amendment 55 would work in practice since the new and more powerful quorum courts with their smaller membership had not yet officially met as governmental bodies and would not do so until January of 1977.[36] Pryor was apparently gambling that this lack of experience would be offset by the "new and fresh" outlook that new members would bring to the revitalized quorum courts.[37] The lodging of the fiscal responsibility for the cities and an extra revenue source for the schools in a body which had not yet officially met, one which had never had any responsibility for the financing of cities or education, was a development that very few would have anticipated or believed possible.

The second important and interrelated portion of the Arkansas Plan was the proposed termination of state turnback to cities and counties by 1979. Turnback to cities and counties amounted to $26 million in fiscal 1977 (July 1, 1976-June 30, 1977) and was apportioned on a ratio of four-sevenths to the cities and three-sevenths to the counties. Under the Arkansas Plan, state turnback would be cut to $9 million in fiscal 1978 (July 1, 1977-June 30, 1978) and eliminated completely in fiscal 1979 (July 1, 1978-June 30, 1979). As we have seen, the hope was to free cities and counties from their fiscal dependence upon the state and to allow the state to concentrate more of its resources on purely state programs. Although this was not as unexpected as the proposal regarding the powers to be lodged in the new quorum courts, it did not go down well with the parties affected because, as one observer commented, "Cities and counties have been receiving state assistance since World War I, and they expect it".[38]

To cushion the loss of turnback, a third portion of the Plan proposed that the state's share of federal revenue-sharing funds, which amounted to $22 million in fiscal 1977 and was divided among the Highway Department ($18 million), public schools ($2 million), and state construction ($2 million), would be transferred to the counties and cities in fiscal 1978 and could be used for general operations. Including the $9 million still to be furnished by the state in turnback funds, cities and counties would then have $31 million available in fiscal 1978. However, in fiscal 1979, when state turnback would cease completely, the full state's share of federal revenue-sharing funds ($24 million by fiscal 1979) would be made available for cities and counties but could only be spent for capital construction such as streets and buildings and not for general operations.

The fourth interrelated part was the cut in state income tax. It was intended to provide an incentive for voters to approve local taxes and to show the state's good faith in the Arkansas Plan by this giving up of part of its tax base to local governments. The tax cut was to be a ten percent rebate on taxpayers' income taxes in 1977 (a $21-$25 million revenue loss) and a permanent average cut of twenty-five percent in income taxes in fiscal 1978 (a $50-$55 million revenue loss).

The fifth integral part was the reduction of budgets for state agencies, colleges and universities, and the public schools. This would be necessitated by the loss of state income brought on by the tax cuts. To make this policy of reducing state spending even more inevitable, the Governor, in his speech on October 11, had said that he would veto any attempt to raise the state sales tax. Specifically, under the Arkansas Plan, state agencies would be held to increases of seven to nine percent in each of the next two years, with some exceptions; colleges and universities would be held to five percent for each of the next two years, with an escape clause for rapidly growing institutions; and the public schools, through the Minimum Foundation Aid Porgram, would receive only a seven percent increase in the first year and a five percent increase in the second year. The assistance to the public schools would have amounted to an increase in teacher's salaries of $440 the first year and $340 the second year—an average of four percent.

The portions of the program that would attract the most opposition were the income tax cuts and the elimination of state turnback; these proposals ran contrary to the general trend, both nationally and in Arkansas, toward higher state taxes and more assistance to

local governments. As one capitol correspondent observed:

> It is essentially a conservative program. The state will end its assistance to cities and counties from general revenues, allow county quorum courts to refer almost any form of taxation to county voters and, as a gesture of good faith, slab state income taxes by a fourth as an encouragement to county taxpayers to vote for local taxes. Cutting income tax rates, the source of the state's rapid revenue growth in the 1970's, automatically would stifle the growth of state service and spending.[39]

Immediate legislative reaction to Governor Pryor's proposal was cautiously optimistic. The comments ranged from "the most challenging and interesting proposal brought to the Legislature in the last decade"[40] to some critical reservations most of which focused on the proposed diversion of $18 million from Highway Department funds. A special five-person committee, chaired by Representative Ode Maddox, was appointed by the Legislative Council to evaluate the Arkansas Plan. On October 20, the Committee asked the Governor ten written questions concerning the Plan, and he responded on October 25. Apparently, it was the consensus of the Committee that the answers were not specific enough.[41] On October 26, Governor Pryor and Steve Clark appeared before the full Legislative Council for a three-hour hearing on the Arkansas Plan. By this time, some of the initial legislative enthusiasm for the Plan had begun to fade and after the long briefing a *Democrat* reporter said that "the legislators seemed no less skeptical and the critics no less critical."[42] Because this hearing before the full Legislative Council covered the same ground that the Special Committee was supposed to cover, the Chairman of the Special Committee felt that there was no need for it to meet again.[43] The Special Committee, consequently, had only two official meetings and did not issue a final report of any kind.

Interest group reaction to the Arkansas Plan was much less restrained. Upset by the proposed small increases in teachers' salaries, the executive secretary of the Arkansas Education Association called the Arkansas Plan "a complete cop out on state leadership",[44] and on October 16, the Political Action Committee of the Arkansas Education Association withdrew the endorsement they had extended to Pryor during the 1976 Democratic Primary.[45] Turnback termination and other matters provoked a strong negative reaction from the Association of Arkansas Counties, which officially opposed the Plan,[46] and from the Arkansas County Judges

Association, whose members voted unanimously against the Plan.[47] The State Highway Department said that the diversion of $18 million to counties and cities would be disastrous.[48] The executive director of the Arkansas Municipal League wrote letters to about seventy city officials calling Pryor's Plan "probably the most deceptive, ill conceived program ever advocated for the people of Arkansas,"[49] and the executive committee of the Arkansas Municipal League agreed unanimously that "the governor's program as presently proposed is not workable and should not be enacted."[50] All of this occurred within two weeks of the announcement of the Plan.

Editorial comment as usual was mixed. It spanned the spectrum from the *Gazette's* complete rejection ("when it is stripped to its essentials the Pryor proposal reveals simply an invitation to governmental chaos")[51] to the *Democrat's* whole-hearted endorsement of "Governor Pryor's attempt to make state and local government more efficient and responsive through self-reliance and home rule."[52] The *Pine Bluff Commercial* and the *Mountain Home Baxter Bulletin* were in favor and the *Arkadelphia Southern Standard* and *Dumas Clarion* were opposed. Many newspapers such as the *Benton Courier*, *Log Cabin Democrat*, *Johnson County Graphic*, *Harrison Daily Times*, and the *Malvern Daily Record* fell into the "we like it but want to see more details" category.[53]

The criticism levelled against the Arkansas Plan by the groups opposed to it was far-reaching. Spokesmen for the counties and cities argued that people would be resistant to levying broad-based taxes upon themselves and not only would turnback not be replaced but services would decline; that the new quorum courts had not yet had an official meeting, and in any case, the framers of Amendment 55 had never contemplated that counties would become the financial administrators for the cities and schools; that the needs of the counties and the cities were for operating revenues and not money for capital construction; and that some counties and cities were so poor that even with an enormous local tax effort they simply could not make it financially. Leaders of the educational community noted that the county had traditionally played no role in financing education, that reducing the income tax produces a more regressive tax system, and that the sales tax should be reserved to the state so that the chaos of seventy-five different tax structures could be avoided. The Highway Department pointed to inflation and the critical need for roads in Arkansas to show that this was not the time to curtail highway revenues.

Governor Pryor's response to this barrage of criticism was to maintain the "no compromise" position and to criticize the interest groups for responding too quickly to his Plan without knowing the full details.[54] He later became more critical and, as one news account said, he accused the Arkansas Education Association, the Arkansas Municipal League, and the Association of Arkansas Counties of "outshouting" him and being afraid of new ideas. The same account, however, saw him as complimentary of the Legislature at this time because he felt that they were still withholding judgment.[55]

Within this same initial period of two or three weeks after the revealing of the Arkansas Plan, the Joint Interim Committee on City, County, and Local Affairs offered a compromise.[56] Under the Committee plan, both cities and counties would receive broad taxing authority, and city councils could propose city tax elections if the county quorum court decided not to propose a county-wide tax. State turnback would continue and would be increased eleven percent for each of the next two years. However, after July 1, 1979, although turnback would still go to the counties and cities, the amount of it could not be increased. Putting a ceiling on turnback after July 1, 1979, would give the cities and counties two years to get their fiscal affairs in order before the ceiling took effect. No tax cut was recommended by the Committee. City and county officials who had "been most critical of the Governor's Plan praised the Committee's proposal as a step toward compromise,"[57] and the committee instructed its two co-chairmen to meet with Pryor or his staff and try to work out the differences.

Pryor did not accept the offered compromise, but he seemed to be encouraged by the Committee's work since it showed that "serious effort is underway to address the problem."[58] It was still possible by November 1, 1976, to read the Legislature as open-minded on some aspects of the Arkansas Plan, although strong opposition on the part of city and county officials and the educational community was obviously present and was not likely to go away. No one really knew, however, where the general public stood on the Arkansas Plan.

Regional Meetings and Modifications

Governor Pryor had anticipated the negative reaction of various interest groups to his Plan when, at the cabinet meeting prior to the public announcement of the Plan, he had drawn the analogy of a circled wagon train surrounded by hostiles. However, he had said

that even though it would be tough going for a couple of weeks after the Arkansas Plan was announced, the offensive would soon be taken by the encircled supporters of the Plan. The Plan for the offensive was to involve eight regional meetings throughout the state, beginning at Jonesboro on November 18, 1976, and concluding at Conway on December 13, 1976.[59] At these regional meetings, the public would be invited, a ten-minute slide show would be presented, and Pryor would speak and then answer questions. Various state officials would also travel the state making speeches for the Plan and substituting for the Governor, who would be occupied with the regional meetings.[60] Before the regional meeting began, the Governor indicated that he was not willing to discuss any compromises until he received some public reaction.[61]

The regional meetings were well attended; press reports indicated an average of about 300 people per meeting. The receptions ranged from very enthusiastic at Fort Smith to semi-hostile at Monticello.[62] Most questions from the audience seemed to be hostile as there were always county and city officials in attendance. Pryor did hint on at least two occasions (Fayetteville and Forrest City) that there might be a need also to give the cities some taxing authority. One of his advisors has said that the Governor seemed to be encouraged by the response at the regional meetings[63] although an Associated Press reporter said that he "has met as much enthusiasm as a wary mailman has for his neighborhood dog."[64] Another reporter said that the public didn't understand the Plan, and even if it did, the Plan was not the kind of emotional issue about which you write or call your legislator. He concluded that the Plan was simply too complicated and interdependent for Pryor to make it intelligible to an audience.[65]

During the period of the regional meetings, interest group opposition intensified. At the annual meeting of the Arkansas Municipal League in November, the Resolutions Committee defeated by a vote of 78 to 2 a resolution calling on the League to work with the Governor on his Plan to see if some of the cities' objections could be overcome.[66] On November 16, Pryor addressed the Municipal League meeting, and in defense of his Plan said: "Let the people decide if they want to buy a new coon dog or a new shotgun or to buy a new local service."[67] (This reference to a "coondog" was picked up by the press and from this time on, the Governor's Plan was called the "coondog plan" by some of the less sympathetic newspapers.) After the Governor had finished speaking, the League

adopted without a dissenting vote a resolution condemning his Plan "as completely untested and most likely unworkable."[68] The State Public Roads Needs Study Committee said that the highways in the state needed an increase of $60 million and not a decrease of $18 million.[69] The Arkansas Education Association at its annual meeting officially condemned Governor Pryor's Plan, and Forrest Rozzell, the executive director of the Arkansas Education Association, said that since the Plan did nothing for Arkansas it should always be called the Pryor Plan.[70] In a later speech to the membership, Rozzell, referring to the Governor's proposal, said that "this year we have been offered a conglomerate of myths. They are embodied in what can aptly be called 'Dr. Pryor's Political Nostrum.' "[71] The Advisory Council to the State Local Services Department, made up primarily of county and city officials, called the Governor's Plan unacceptable unless major changes were made.[72]

Lieutenant Governor Joe Purcell also addressed the Arkansas Municipal League on November 16, and although not mentioning the Arkansas Plan by name, he stated his strong opposition to the elimination of turnback funds to cities.[73] All Six Pulaski County legislators attending a meeting of the American Association of University Women announced their opposition to the Governor's Plan, and one of them said, "I have better things to do than beat a dead horse."[74] The *Arkansas Gazette* referred to the Pryor Plan in its present form as "the most hare-brained scheme in governmental financing to be seriously proposed in Arkansas in the last quarter century."[75] During the period of the regional meetings (approximately the middle of November to the middle of December), the *Log Cabin Democrat* at Conway and the *News* at Hot Springs opposed the Plan, and the *Southern Standard* at Arkadelphia remained unchanged in its negative position and stated that "thus far on a scale of ten, Pryor ranks about a minus two."[76]

Offsetting, to some extent, this growing opposition was the position of the Arkansas School Boards Association, which endorsed the concept of Pryor's Plan but had some reservations about the income tax cut.[77] Much more surprising was a similar endorsement of the concept of the Pryor Plan by the Executive Committee of the state AFL-CIO.[78] This endorsement had come after a one-hour session with Pryor, but the motion to endorse the concept of the Pryor Plan was amended to include the appointment of a five-person committee to look into the specifics of the Plan and report back to the group later.[79] The *Arkansas Democrat* continued its sup-

port and editorialized that "maybe it's too late to lower the rising tide of Big Government power. But the people of Arkansas are lucky to have a governor who is willing to try."[80] The *Pine Bluff Commercial* continued favorably but suggested some changes, and the *Fordyce News Advocate*, the *Stone County Leader*, and the *Fort Smith Southwest Times Record* took generally optimistic views of the Arkansas Plan.[81]

On December 10,1976, Senator Ben Allen, a seventeen-year veteran of the Legislature from Little Rock, proposed a plan that he called the "Allen Alternative" in a speech to the Local Government Committee of the Little Rock Chamber of Commerce. Although critical of Pryor's Plan in his speech, he did praise Pryor for his courage in suggesting the Plan; he felt that both he and the Governor "were concerned about waste in state government and a growing state government, but the Governor was using the wrong approach to solve the problem."[82] The Allen Alternative had many parts: turnback to cities and counties would continue at the same level for the next two years; the state's share of federal revenue-sharing funds would continue to be distributed as in the past; there would be no reduction in the state income tax except that taxpayers could deduct 50 percent of any locally levied income tax from their state income tax; cities and counties could levy taxes simply by a vote of the governing body so long as sufficient time was allowed for the people to submit the tax to a referendum; the quorum courts were to have the first opportunity to levy countywide taxes, but if they failed to do so, the city could levy its own taxes; there would be no sales tax option at the local level since the sales tax would be reserved for the state; and a comprehensive statewide reappraisal and equalization of property would be undertaken.

The Allen Alternative bore some resemblances to the Copeland Plan which had been released some ten days before the official announcement of the Arkansas Plan, but Governor Pryor said that few aspects of the Plan, if any, would be changed by the Allen Alternative.[84] The *Gazette* was much more enthusiastic and said that the Allen Plan was an excellent alternative because it was not "like a fancy house of cards, ready to come tumbling down if any main part is removed."[85] The *North Little Rock Times*, the *Petit Jean Country Headlight*, and the *Dumas Clarion* were all complimentary of the Allen Alternative.[86] Senator Allen, who at first had been enthusiastic about Pryor's Plan, now felt that some legislative rallying point was needed for those who opposed it.[87]

The Governor's staunch "no compromise" stance had begun to show some signs of erosion during the time of the regional meetings. As previously noted, Pryor had indicated at the regional meetings in both Fayetteville and Forrest City that there might be some need to allow cities additional taxing power. Ron Copeland, Director of the Department of Local Services, said on December 8, 1976, that he and the Governor had discussed several areas of change in the Arkansas Plan including highway funding and the extension of tax options to cities.[88] The Governor had also said as early as November 19 that he might be willing to change some parts of the Plan.[89]

During this same period of time, many legislators had contacted the Governor expressing reservations about the Plan.[90] Representative John Miller chairman of the powerful Arkansas Legislative Council, had advised the Governor on several occasions about the Council's concern over certain portions of the Plan—the turnback cut-off, the tax cuts, the reduction in highway funds, and the public schools' dependence on county quorum courts; the Council also feared that poor counties and cities could not survive financially, no matter how great the local tax effort.[91] The clear message seemed to be that legislative support was lacking.

On December 8 and 9, 1976, the Governor held a two-day session with his staff advisors to evaluate reactions to the Arkansas Plan . One of the Governor's staff advisors, Don Harrell, was quoted as saying that "since the Governor outlined the program to the Legislature on October 11, he has never had a meeting with those who helped to put it together."[92] On December 10 and again on December 19, Pryor conferred with groups of key legislators who were willing to help him as much as possible but who told him that the Plan could not make it unless changes were made.[93] According to Steve Clark, the legislators' resistance to a tax cut and their desire to fund some programs at a higher level than the tax cut would allow caused the Governor finally to compromise rather than lose the whole package.[94]

On December 20, 1976, Governor Pryor appeared a second time before the Arkansas Legislative Council with some welcome news for the assembled members. He suggested the following changes in his original proposal of October 11: state turnback for cities and counties would continue at the level of $31 million for the next two years but then would cease; the state's share of federal revenue sharing funds would remain with the Highway Department; the 10 percent personal income tax rebate for 1977 would be

dropped, and the 25 percent average income tax reduction scheduled for January 1, 1978, would be postponed until January 1, 1979; cities could hold tax elections if not preempted by a county wide tax; schools would not share in countywide taxes, and the Minimum Foundation Aid Program would be expanded 9.8 percent the first year and 8.9 percent in the second year so that teachers would receive an average $600 raise for each of the next two years.[95]

Four major parts of the original Plan still survived in some form or other. There would still be a 25 percent average income-tax cut, only it would begin in January of 1979; turnback would cease on June 30, 1979; broad taxing authority would be available to the counties and to the cities if the counties chose not to excercise it; and there would still be an attempt to hold state agencies to seven to nine percent rate of growth and higher education to five percent. The degree of compromise made in the December 20 changes was a matter of dispute: Governor Pryor expressed the opinion that "the basic concepts of my proposal remain the same," while the *Pine Bluff Commercial* said that "only a few details are missing from the original creation, like the heart and guts."[97]

The Legislative Session and Resistance

The debate over the degree of compromise continued in the press with some press comments to the effect that Pryor had capitulated to the city, county, school, and highway forces, and that by postponing the termination of turnback until June, 1979,"Pryor is handing the fate of the Arkansas Plan to his successor and to the next legislature."[98] The theory was that city and county forces would have much less to fear from the revised Arkansas Plan since the new legislature would meet in January of 1979 with plenty of time to repeal the cut-off of turnback if local taxes didn't work. Two formerely strong press supporters of the Arkansas Plan, the *Arkansas Democrat* and the *Pine Bluff Commercial*, seemed to think that it was now dead.[99]

Pryor's response was that eighty to eighty-five percent of the Plan was still intact, and his supporters pointed to the crucial importance of the tax cut that was scheduled to take effect in January of 1979. If the tax cut passed, there would not be enough money to restore turnback in 1979, and since people would be feeling the tax cut in January of 1979, it would be very difficult to change the tax cut in any way. Because of a quirk in the Arkansas Constitution, it takes

only a majority to reduce the Arkansas income tax; but a three fourths vote is necessary to raise it.[100] There would also be the difficult political problem of voting against a tax cut. For these reasons, the Administration was hopeful of passing a tax cut, and by this time, the essentials of the Pryor plan were the tax cut and financial home rule for cities and counties.

Initial response to the modifications of December 20 was reported by the *Gazette* as favorable on the part of some interest groups in that they much preferred this to the original Plan, and they felt that Pryor was now opening up some middle ground for compromise. However, the same news article noted that the Arkansas Education Association was still opposed to the revised plan because of the proposed twenty-five percent tax cut.[101] The County Judges Association also opposed the modified Plan.[102]

Prior to the convening of the 71st General Assembly on January 10, 1977 there apparently was legislative and interest-group pressure on the Governor to substitute a tax credit approach for the tax reduction. Under a tax credit approach, when a local tax is approved, the local taxpaper can take a full or partial credit on his/her state income tax. A group of county judges met with the Governor on January 6, 1977 and asked for the tax credit change,[103] and there was speculation that he was leaning in this direction prior to his inaugural address to the Legislature on January 11, 1977.

Despite the speculation, the Governor's decision was to stick with the tax cut, and in his inaugural address, Pryor proposed officially to the General Assembly "that the state cease county and city turnback, that we reduce the income tax, and that we give our people at home an invitation to decide the services they want to have."[104] The legislative response to the tax cut was decidedly chilly; three members of the Joint Budget Committee (the committee that substitutes for the Arkansas Legislative Council when a session begins and before whom all budgetary bills must come) indicated opposition,[105] and a newspaper article indicated that the legislative reaction to the tax cut was "only slightly warmer than Little Rock's high temperature of 28 degrees."[106]

Possibly because of this lack of enthusiasm on the part of many influential legislators, Pryor and some of his staff and agency heads began meeting regularly with about a half a dozen legislators who were willing to help the Governor pass his legislation in some form. Three or four meetings of this group were held after the session began and prior to February 15.[107] These meetings were usually

held after the daily sessions had concluded or at the Capitol Hill Apartments on Sundays and involved at various times six to eight legislators.[108] As time went on, the Governor seemed to recognize that sizeable changes would be needed in his modified Plan[109] and was even encouraging people at these meetings to draft alternatives.[110] The meetings were also the source from which the third version of Governor Pryor's Arkansas Plan finally emerged. However, this third version would not be ready for introduction until the middle of February.

Initially, the outlook for Pryor's fiscal home rule bill, one of the two key essentials in the second version of the Arkansas Plan, seemed reasonably favorable even though the outlook for the tax cut, the other essential, was much less promising. The fiscal home rule bill, HB 239, was introduced on January 18, 1977 and was referred to the House Committee on City, County, and Local Affairs.[111] The Committee then agreed to form a special committee to meet with Governor Pryor and his staff to work out differences between HB 239 and the various fiscal home rule bills that had meanwhile been introduced by other legislators. On February 3, 1977, final agreement was reached on a compromise satisfactory to the Governor, the Municipal League, the Association of Arkansas Counties, and the varous legislative sponsors of individual fiscal home rule bills. Reporting this information, one capitol correspondent commented that "the agreement seems to assure easy passage of the legislation through the legislature."[112] The new bill, HB 586, was introduced on February 8, 1977;[113] it had eight sponsors and was introduced as an Administration bill.

The major provisions of HB 586 stipulated that both counties and cities could propose sales and use taxes to the voters and that, if a countywide sales tax were adopted, proceeds of the tax would be split between the county and the cities in the county, as set out on the ballot. Both counties and cities could also propose income taxes to the voters, but if the city voters approved a city income tax, no county income tax could be levied in that city. Any other kind of tax could also be proposed by either the county or the city so long as it did not affect tobacco, alcohol, or fuel. HB 586 was approved in committee on February 9, 1977 with only one dissenting vote.[114]

On February 10, two amendments to HB 586, both opposed by the Governor, were defeated. One would have prohibited cities and counties from levying a sales tax, and it lost with 37 affirmative votes and 40 negative votes, the other would have exempted food and

drugs from any local sales tax, and it lost by a vote of 31 for and 43 against.[115] However, a relatively non-controversial anti-discrimination amendment was adopted and an opponent of the bill gave notice of reconsideration on the anti-discrimination amendment;[116] this action meant that the bill was now delayed for three legislative days. These three legislative days included a week-end, and when the legislators returned on the following Monday, some change of sentiment had apparently taken place. An attempt to remove the anti-discrimination amendment (with a promise that it would be added later in the Senate), so that the bill could be voted upon immediately, was defeated by a vote of 40 to 40 (51 votes necessary).[117] Since the amendment was still attached to the bill, the bill had to be returned to committee. (The theory is that an amendment could change the whole nature of a bill and that this possibility invalidates the original favorable committee recommendation.) The committee—City, County, and LocalAffairs—was not scheduled to meet again until February 16, two days later.

These procedural delays had allowed enough time for the forming of a coalition made up of legislators opposed to a city sales tax and other legislators who wanted to pressure the governor to change from a tax cut to a tax credit approach. Nevertheless, the House Committee on City, County, and Local Affairs again recommended HB 586 for passage as amended (by the anti-discrimination amendment) by a vote of 15 to 2.[118] Just five days later, on February 21, 1977, HB 586 was amended on the floor to preclude either a county or city from levying a sales or use tax. The vote was 57 to 31,[119] an amazing reversal from the February 10 vote on an identical amendment, there the outcome had been just the opposite by a vote of 37 in favor and 40 against. Although a truncated version of HB 586 would finally become law (Act 942 of 1977), the Governor now chose temporarily to abandon this bill with its unwanted amendment and to switch the action to the Senate. At the request of the Governor, Senator Dooley Womack introduced SB 527 in the Senate on February 23, 1977.[120] This was the Governor's original fiscal home rule bill with the House amendment eliminating the sales tax removed.

The Governor was even less fortunate in the House with the second pillar of his modified Arkansas Plan. The income tax reduction bill, HB 302, providing for an average twenty-five percent reduction in state income taxes, was introduced on January 20, 1977,[121] sponsored by some relatively junior members of the House.

If a bill is likely to be controversial or promises to be a little sticky, the normal procedure is to have a veteran legislator, possibly a member of Joint Budget, introduce and handle it. Such was not possible in this case since most senior legislators opposed the tax cut.[122] However, the strategy apparently was to try the House first (since the Senate was even more hostile than the House) in the hope that if the House passed the tax-cut bill, enough public pressure could then be brought on the Senate to pass the bill. The Governor was quoted as saying that he would "twist arms in a drive to muscle it through as a 'pure tax cut.' "[123]

The Governor's pressure was enough to pull HB 302 out of the House Revenue and Taxation Committee with the exact required margin of ten favorable votes.[124] The Governor had talked to many members of the Committee individually in his office, and, it was reported, some of the ten votes were simply courtesy votes.[125] (A courtesy vote is one which is given to get a bill out of committee but with the understanding that the person voting "yes" in committee is not bound or pledged to vote that way when the bill reaches the floor of the House.) Although HB 302 had been on the House Agenda since January 27 and, since it was an Administration bill, could have been brought to the floor at any time, the votes were seemingly not yet solid, and the sponsors of HB 302 were quoted on February 3 as saying that they were "waiting on a signal from the Governor."[126] The Governor probably had concluded by this time that defeat of the measure was probable in the House and almost certain in the Senate; at any rate he announced on February 11 that he would make a statement early the following week (the week of February 13-21) about whether he wished to continue his push for the tax cut or substitute something else in its place.[127] HB 302 was officially withdrawn from further consideration by its sponsors on February 15, 1977.[128]

The Final Attempt and Defeat

On February 15, 1977 Governor Pryor abandoned his income-tax reduction plan and replaced it with a proposal to transfer twenty percent of all state income tax collections back to the counties and cities by 1980. This new Plan would also eventually replace turnback, which would continue at the level of $31 million for fiscal 1978 (July 1, 1977—June 30, 1978) but would cease on June 30, 1978. The new alternative came out of the combined meetings that the Governor

had been having with his staff, agency heads, and legislators since the beginning of the Session. About one week prior to February 15, Representative Julian Streett and Senator Bill Walmsley had worked out the basic principles and secured the Governor's approval, and Dick Heath, Director of the State Department of Finance and Administration, was asked to draft the specific bill.[129]

The provisions of the new Plan were complicated. By May 30, 1978, elections would be held in each county in the state. Each county would propose an income tax that would be ten percent of each taxpayer's state income tax. If the tax were approved, the county would than receive back from the state ten percent of the income taxes that the residents of that county paid to the state that year. There would be no new taxes to pay for the taxpayers, and for this reason, the assumption was that the "transfer" tax would be approved automatically in each county. If it were not, the county would receive no state assistance but could try again in the fall. The distribution of funds between the county and the cities would be placed on the ballot by the quorum court; if the voters rejected this distribution formula but approved the transfer, the money to be returned from the state would be distributed according to the current turnback formula for allocating money to counties and cities.[130] If every county approved the transfer tax, ten percent of state income tax collections would be turned back to the counties and cities each year.

The second part of the new Plan involved what was called the seven percent equalization factor. Since the ten percent transfer back to counties and cities would mean that some of the wealthier and more populous counties would actually receive more than under traditional turnback, seven percent of state income tax collections were to be set aside for equalization purposes. If the voters in each county passed the ten percent transfer tax, then the county would automatically become eligible for the seven percent equalization. Still a third part of the Plan would begin on July 1, 1980. A county quorum court or a city, after July 1, 1980, could ask the voters to approve an additional income tax not to exceed three percent of their state income tax. In this case, the taxpayer would really have to pay the additional tax, but the state would match the amount the county or city would receive so long as the match did not exceed three percent of the taxpayer's state income tax. This whole process would involve three percent of state income-tax collections.[131]

Under the 10-7-3 Plan, twenty percent of state income tax

collections would be made available permanently for counties and cities. It was assumed that no county would turn down a ten percent transfer tax that would bring with it the seven percent equalization. Beginning in July of 1978, twenty percent of state income tax collections would be set aside to help cities and counties and in effect, seventeen percent or $35 million in fiscal 1979 (July 1, 1978—June 30, 1979) would come to the counties and cities automatically. This would be four million dollars more than the $31 million that they would have received under the traditional turnback formula proposed by Pryor in his modified Plan of December 20. In addition, beginning in 1980, an additional five or six million (three percent of state income tax collections) would be available as a state match or incentive for local governments to levy local income taxes. The new 10-7-3 Plan would end turnback, and yet no taxpayer would have to pay any additional tax until 1980.[132]

The reaction to the 10-7-3 Plan was mixed. Legislative reaction was hard to read because according to some newsmen, many legislators were confused by the complexity of the Plan.[133] Some legislators saw the ten percent transfer election as a needless expense since the results were bound to be favorable; they would have preferred the transfer to be automatic.[134] The Municipal League, the county judges, and the Arkansas Association of Counties were all in favor, the Arkansas Education Association was still opposed, and the AFL—CIO was for the "3" portion but less enthusiastic about the "10" and "7". *The Benton Courier* thought that the new plan might be workable,[135] but the *Pine Bluff Commercial* called the new approach the "Nothing Much" Plan.[136]

The 10-7-3 Plan was incorporated into HB 678 and SB 432 which were companion bills introduced in both houses on the same day.[137] Significant action came first on HB 678. It received a "do pass" recommendation from the House Revenue and Taxation Committee on February 22, and once the bill reached the floor, an amendment to delete the election requirement for the seventeen percent transfer was defeated by a vote of 48 in favor and 34 against, with 51 necessary for adoption.[138] Since this was an amendment opposed by the Pryor Administration, its near passage was not encouraging for the Governor despite the victory.

The closeness of the vote indicated that legislative opposition was forming to 10-7-3. It was led by the senior members in the House and Senate who felt that the integrity of the Revenue Stabilization Act (the Act that annually apportions general revenue to state agen-

cies on a percentage basis) would be jeopardized and the fiscal foundation of the state undermined if twenty percent of state income tax collections were removed from the general revenue pot and earmarked specifically for local government. These legislators developed a multi-faceted strategy:[139] they would attempt to delay the bill, to substitute the existing turnback formula with 31 million dollars in 1978 and 35 million in 1979 for the "10" and "7" portions of Pryor's new Plan, to give the 31 million in 1978 and 35 million in 1979 a high priority in the Revenue Stabilization Act,[140] and, if all else failed, to find enough support to block the appropriation bill which would be necessary to fund 10-7-3 and which would take a three-fourths votes of both houses.[141]

The strategy was designed to assure counties and cities as much money as they would receive under 10-7-3. The 35 million for fiscal 1979 that senior legislators were attempting to substitute by amendment was the exact amount that the counties and cities would receive in fiscal 1979 under the 10-7-3 proposal. By giving the 31 million-35 million turnback substitute a high priority in the Revenue Stabilization Act, they could ensure not only an alternative to 10-7-3 but an alternative that would be funded. The legislative strategy worked most effectively in the House. HB 678, the House version of the income tax transfer proposal, was tabled by a vote of 47 to 36,[142] and no further action was taken on it. Even earlier, HB 586, the fiscal home rule bill, had been amended in the House to prevent cities and counties from levying sales or use taxes, and because of the tabling of HB 678 and the amending of HB 586, Governor Pryor chose to concentrate his efforts on the Senate.

Now allied with the county and city officials, Pryor stepped up his own lobbying activities, particularly in the Senate. He invited numerous legislators to the Mansion for lunch and breakfast, and although such invitations are customary at the beginning of a legislative session, in this case, the Governor invited all members of the House and Senate to either lunch or breakfast during the first week in March.[143] He also coordinated his strategy closely with city and county officials.[144]

The Senate decided to vote on March 7 on both SB 432, the income tax transfer bill, and SB 527, the fiscal home rule bill that allowed both cities and counties to propose income, sales and payroll taxes to local voters for approval. On that day the Senate galleries were packed with mayors and county judges, who had been contacting their representatives in preparation for this vote.[145] An

amendment to substitute 31 million and 35 million for "10" and "7" was defeated by a vote of 12 for and 17 against.[146] SB 432 (income tax transfer) finally passed by a vote of 20 to 15 (18 needed), and SB 527 (fiscal home rule) passed by a vote of 25 to 10, once an attempt to amend out the sales tax option had failed.[147] Governor Pryor had now passed the two essentials of his new Plan, and the *Arkansas Democrat* commended him for his "comeback power in the clutch" and wished him luck "in his effort to give a measure of self-government back to the people."[148]

Both SB 432 and SB 527 were passed in the afternoon of Monday, March 7, but on that same morning, the Joint Budget Committee had recommended 31 million and 35 million for turnback to counties and cities, and these amounts were quickly given a high priority in the Revenue Stabilization Act. As one correspondent observed, "The increase is the largest the (cities and counties) have ever received, and the priority given them in the Revenue Stabilization Act is unusually favorable.[149] These actions were designed to provide a viable alternative to 10-7-3 and to dampen down the enthusiasm of the county and city lobbyists.[150]

Governor Pryor's success in the Senate was to be only fleeting. When SB 432 (income tax transfer) was sent to the House, it was amended so that the traditional turnback formula of 31 million for 1978 and 35 million for 1979 was substituted for the "10" and "7" portions of SB 432. The vote was 53 to 42,[151] and the adoption of the amendment was the end of SB 432. The second bill, SB 527 (fiscal home rule) suffered a similar fate when sent to the House. It was amended so that the sales tax option for cities and counties was removed from the bill, and the passage of the amendment was by the impressive margin of 62 to 26.[152] These devastating amendments in the House left the major portions of the Governor's Plan in shreds.

The Governor did not suffer total defeat. The amended version of HB 586 (fiscal home rule) was passed and signed into law, and, for the first time, counties were authorized to propose income taxes, and both counties and cities could propose other forms of taxation so long as no sales tax was involved nor any tax on tobacco, alcohol, or fuel.[153] Also, as has been noted (See Footnote 34 for example), some portions of the original Plan—the new school equalization formula and the adjustment to the eighty percent rule—had been passed as separate legislation. However, even with these exceptions, it is hard to argue with the Governor, who said after the Session had

concluded, "the Arkansas Plan was an idea whose time had not come."[154]

The Arkansas Plan: An Analysis

The Governor Develops Policy

The Arkansas Plan as a major reform of the state/local government relationship was defeated, but portions of the program survived, and nominal change occurred. As has been shown, the Plan was the primary legislative effort of Governor Pryor in the 1977 legislative session, he dedicated a great deal of his time and prestige to it, and he seemed convinced of the necessity and the practicality of the proposal. Pryor was involved in the progress of the Arkansas Plan from its inception to its final resolution. No objective observer would consider the Governor to have been unaware of the processes of policy making or ignorant of the pitfalls. Pryor, though relatively young (he was forty-one years old when he proposed the Plan), was a three-term veteran of the U.S. House of Representatives, had served in the Arkansas Legislature, and was in his second term as governor. He was not a novice, but at the same time, he had not become a cynic. In his political career he had been pragmatic, rational, and successful. (His one major defeat, in the U.S. Senate race in 1972, had required a superior effort by a worried incumbent.) Why then did Governor Pryor fail in his attempt to secure passage of the Arkansas Plan? The following analysis will attempt to answer this question.

In 1977, Charles O. Jones published the second edition of *An Introduction to the Study of Public Policy*.[155] The book is highly regarded by public policy students as a good framework by which to analyze and understand public policy. The present authors feel that it is particularly useful for a study of the Arkansas Plan. By applying at least a part of Jones's framework to the development and history of the Plan, we can provide a better understanding of the series of events that led to its defeat.

Jones distinguishes sixteen interrelated steps that go into policy making; he refers to these steps as "functional activities" and divides them into five broad categories.[156] Into this first category, "Identifying Problems to Government," Jones classifies the following functional activities: perception, definition, aggregation, organization, and representation.

Perception

Jones says that the first step in problem identification is perception, which "simply means to receive and register an event—to be aware of or conscious of something happening...."[157] In our inter-

views with the Governor and his staff, it became clear that there were differing perceptions of the events that led to the creation of the Arkansas Plan. When, however, we looked closely at the personal relationships between the Governor and his advisors, we saw that the "something happening" which initiated the policy action was mutually recognized by the Governor and Steve Nickles, who was described by Pryor as a "very, very personal friend" with "the ability to translate my ideas best."[158] According to Jones, relationships between "actors" in the policy-making process cannot be discounted, and the relationship between Pryor and Nickles is important to understanding the conception of the Arkansas Plan. Nickles, a member of Pryor's staff both when Pryor was in Congress and when he became Governor, was called by Ernie Dumas of the *Arkansas Gazette* "one of Mr. Pryor's closest advisers." In the article referred to at the beginning of the "History", section, Dumas outlined the concerns and processes out of which the Arkansas Plan would grow: "In the early fall of 1975...they would sit up late at the mansion anticipating the problems of the second term....they talked about the philosophy of local government."[159] Pryor called the Dumas article a "good account."

Our interviews, as well as the Dumas article, indicate that Pryor and Nickles spent much time discussing state government. The events that these two friends seemed to perceive were the growth of government and the attendant unresponsiveness of that government. Pryor noted that he was principally concerned at having observed this tendency in Arkansas state government after his return from Washington. There he had been frustrated by the inability of Congress to place limits on the powers or growth of the federal bureaucracy, and he felt that at the state level, from his position as governor, control was possible.[160] The perception of the problem, then, seems grounded in the basic principles of government that Pryor held. We must assume, on the evidence available, that these principles were firmly held by the Governor and that they provided the basis for his action. In the speech introducing the Arkansas Plan, he stated these principles:

> I come to you tonight with a proposal unique in its application but based upon simple principles and the strong foundations that have stood the test of two centuries of American history.
>
> One of these principles is the motto of our state: "The People Rule" another is that government which governs least

governs best. Still a third is that the further government is removed from the citizens, the more insensitive that government becomes.

I stand here tonight to say that I believe strongly in these principles.[161]

These remarks might be cynically dismissed as political rhetoric, but they do provide evidence of the Governor's philosophy of government. The fact that they are the words of a man who was about to lay his political future on the line gives them, in retrospect, an added earnestness and sincerity.

The perception that there was "something happening" in state government and the agreement that it was bad and should be halted provided the first step in the policy process of the Arkansas Plan.

Definition

According to Jones's framework, definition describes the consequences of the problem perceived.[162] To a great extent, then, perception establishes or sets the definitions. In the early discussions between Pryor and Nickles, who both perceived an undesireable situation in the growth of state government and in the inability of local governments to control their own affairs, the problem was defined as being rooted in the existing system of state transfer payments to counties, cities, and school districts. The problem was further defined as twofold. In the first place, they felt that too much money was being transferred to local governments, thus limiting the state's ability to solve other statewide problems. As long as state resources were being used to fund established transfer programs as well as to pay fixed state costs, there would not be enough money for important state social needs such as innovative programs in health, care for the aging, child care, and education. In the second place, Pryor and Nickles believed that under the existing system, local units were losing flexibility and autonomy and coming too much under the control of the state.[163] These definitions of the problem perceived fit Jones's concept that definition is "the act or power of making definite and clear ... the effect of an event."[164]

With the problems to government perceived and defined, the next steps, according to Jones's model for the successful implementation of policy, are aggregation and organization. Aggregation occurs when large groups of people perceive a problem and define it in the same way; this process normally causes the problem to become

"public" as a significant number of people have discovered a problem and described its consequences similarly.[165] Organization simply means that these loose groups of people (aggregates) have become more structured.[166] That is, they recognize a common problem and a common interest in alleviating that problem, and they organize themselves to do something about it. Such groups normally contact government about their concerns; that contact and its results are referred to by Jones as representation.[167] Thus, the fifth and final functional activity under Jones's heading of "Problem Identification" occurs when government representatives place a defined problem on a government agenda at the request of those who have recognized the problem and wish to do something about it.

Formulation — out of order

Ideally, all five of the steps just listed will have taken place before a new category of activities begins. This second category, "Action in Government," involves, initially, a process of "Program Development." Jones breaks this process into three more functional activities: formulation, legitimation, and appropriation. Formulation is the development of policy to solve the problem at hand. In the case of the Arkansas Plan, as we have seen, the persons who perceived and defined a problem in government constituted a very small group. Furthermore, the Arkansas Plan was developed as a total package by a small group close to the Governor. In short, the executive branch (a limited number of "actors" at best) not only perceived and defined the problem but also formulated the solution.

In doing so, the creators of the Plan jumped from problem identification to program development, skipping over the aggregation, organization, and representation activities which Jones describes. This "in house" formulation does not follow Jones's model, most significantly by its failure to include the input of other actors such as the Legislature and special interest groups. Legitimation (the enactment into law of the proposed policy) should follow formulation, and, as Jones warns, "the closer formulators get to agreement among themselves about a suitable course of action, the more they must consider the requirements and conditions for legitimation."[168] In effect, Jones indicates what may be considered an error made by Governor Pryor — that is, completing the formualtion, in a rather rigid form, too early in the process without the input of other actors, and hence jeopardizing the legitimation process before it was even

begun.

There can be no question that the Arkansas Plan was developed in response to the perceptions and definitions outlined above. That its formulation came in advance of any ground swell of supportive public or legislative opinion will be equally obvious. Although the main points of the Plan have been covered in the "History," a brief re-examination of its formulation at this point will help to clarify the conditions under which subsequent aggregation and organization activities took place.

Many of the Governor's senior staff spoke of the Arkansas Plan as a totality. They referred to the Plan as "a package,"[169] a mosaic that could only be seen as a whole, not individual tiles,"[170] and "a puzzle with all the pieces in place."[171] Ray Scott, Director of the State Department of Social and Rehabilitative Services, referred to it as "a house with the Governor as architect and his aides as the technical assistants who contruct it."[172] The concept of a complete package is important to an understanding of the Arkansas Plan. It shows comprehensive planning and coordination on the part of the executive. But while the qualities of in-depth planning and completeness of thought are demonstrated in this approach, adoption of the total plan is necessary to its success. The dependence of one part upon another, the building-block approach (or "house of cards" as critics noted) means that a failure to accept any one portion can have disastrous effects on the rest of the package. The Governor had designed a program that could not be separated, or compromised and adjusted piecemeal, without a residual effect upon other portions of the Plan. This idea of the necessity of adoption *in toto* was a planning strength but a political weakness considering the process through which the Plan had to pass. In short, it appears that the Governor attempted to design, in Jones's term, "a perfect plan," and it remained to be seen whether he could design "a perfect stretegy" to match it.[173]

The building-block approach of the Arkansas Plan is demonstrated in the components and assumptions of the original plan, as seen in the following outline.

I. A state income tax cut would

A. induce taypayers at the local level to vote for local tax increases proposed by county Quorum Courts; these local increases would allow local governments to set priorities and establish service levels, thus reducing the need for state turnback to local governments, a reduc-

tion which would lessen state control over local governments; and

B. reduce state revenues to produce a reduction in the growth of the state bureaucracy, a controlled reduction in state services, and a limitation on the growth of higher education.

II. A rethinking and reallocation of state spending would
   A. provide for a modernization of the equalization formula for public schools
   B. increase state aid to public schools, and
   C. free state moneys that could than be used to increase statewide social services

III. The transfer of state federal-revenue-sharing moneys to local governments for capital improvements would
   A. help cushion the loss of turnback and
   B. place greater decision-making power in the hands of local governments

The final results, in the opinion of the Governor, would be, in summary, first the reduction of state control over local governments (a policy incorrectly called the "home rule" provision of the Arkansas Plan); second, the control of the growth of state agencies and institutions; third, the creation of a more equitable equalization formula for public schools; and fourth, the eventual freeing of more state money for statewide projects. These anticipated results were the solutions to the problems perceived as most important by Governor Pryor and Steve Nickles.

Aggregation, Organization, Representation

Since, as has been seen above, formulation of the Arkansas plan was not preceded by the steps outlined by Jones (aggregation, organization, and representation), the carrying out of these activities had to be done after the fact. But Pryor did attempt to aggregate and to organize support for his Plan, first within the executive branch and then with the Legislature and with the public. Within the Governor's sphere of influence were differing "publics" or "interests" that had to be brought together. Included in these internal interests were the cabinet, senior administrators and agency heads, the Governor's legislative leaders, the legislative liaison staff, some members of the Governor's staff, and, finally, the Governor's personal political friends and informal advisors. Pryor let it be known that the

Arkansas Plan was the most important single issue of his second term. One staff member referred to the Plan as the "monument" to Pryor in his last term as Governor.[174] The esprit of some staff members and a recognition of the Governor as "boss" brought many members of the executive department on board. One cabinet member noted that many cabinet officers supported the Plan because it represented many items on their "personal agendas."[175] A key individual in the development and a strong supporter of the Plan, Richard Heath, Director of the State Department of Finance and Administration, feels that the Arkansas Plan represented a number of individual concerns raised at different times by different members of the Governor's staff and his advisors. According to Heath, many ideas were brought together into a single approach by Nickles, and then the Governor made the decision of what issues to include and which to exclude.[176]

A number of Pryor's advisors noted the tension that became apparent between his "idea people" (Nickles, Scott, and Wakeley), the "technicians" who had to make the ideas work together (Heath, Copeland, and Gaddy), and the political advisors (Clark, the legislative liaison staff, and the Governor's personal friends and advisors). The technical problems were eventually worked out between the "idea people" and the "technicians," but the political people seem never to have been satisfied with the Plan. The Governor's staff supported it; the cabinet, when brought on board, were eventually supportive (with the exception of Henry Gray, Director of the Arkansas Highway Department);[177] but the political advisors warned of dire political consequences inherent in the Arkansas Plan.[178] Steve Clark quotes a "personal supporter" of the Governor who said to Pryor, "If you want to be a U.S. Senator or a U.S. Congressman, or a third-term governor, give up on the Arkansas Plan or all you will be is a lawyer in Camden, Arkansas."[179] After some modification to the Plan, the Governor's supporters in the Legislature, though relatively few in number, were supportive of the proposal and fought long and hard for Pryor in a losing cause during the legislative session.[180] The legislative liaison team according to one observer, opposed the Plan and tried to dilute it from the first because they saw it as being too difficult to get through the Legislature.[181] Eventually, it was this group, with the addition of Clark, who worked out the "refinements" or compromises to the Plan.[182]

After the task of aggregation of the staff was completed, the Governor then had to turn to the major job of developing support in

the Legislature. The strategy decided on early was to keep the plan a secret, to involve only those necessary in the Governor's office, and to present the Plan in its totality to the Legislature, interests groups, and the public at the same time. Pryor's reason for this strategy was his concern that too much exposure would have produced leaks, thus inviting input from legislators and interest groups which would have diluted the Plan, or that the Plan would have been "shot down" before it got started.[183] Pryor's strategy was influenced, then, by two decisions he had made regarding the Plan: it was a total package, and no compromise would be made. The Governor noted that he did not want a compromise measure that looked like it was put together by a committee.[184] In his mind, the Plan was made of pieces that all fit together, thus if there were any change, the Plan would be rendered less effective.

The legislators were "miffed" at being left out in the initial stages.[185] Interest groups such as the Arkansas Education Association; the Association of Arkansas Counties; the Arkansas Municipal League; and the American Federation of State, County, and Municipal Employees (AFSCME) were vitally, and in some ways negatively, affected by the terms of the Plan; and as a result of not being advised or asked to comment on it prior to its being made public, many of these groups were doubly hostile.

In his attempt to aggregate and organize public support of the Arkansas Plan, Governor Pryor set up a series of eight regional meetings held between November 17 and December 9, 1976. The Governor noted that the strategy was "simply to take it to the people and let them sell it to their legislators."[186] Obviously, as indicated by the failure of the Plan to pass the Legislature, this "selling" did not occur. The Governor had chosen probably the most difficult task for a political leader — that of aggregating and organizing public opinion in a public that does not realize a problem exists. President Carter's difficulties with his "energy package" provide an example of this same problem at the national level.

Legitimation

As we have seen, formulation occured early in the development of the Arkansas Plan as public policy. The crucial nature of this step is obvious since from formulation come the proposals which will eventually be law. Jones points out two elements important in formulating proposals. First, any proposal must be designed to alleviate the problem perceived, and second, it must have the potential to

receive the necessary political support to become law. In other words, those involved in policy formulation must consider both substance and strategy. In doing so, Jones cautions, policy formulators will do well to include input or advice from those who perceived and defined the problem as well as from those who will be affected by the solutions.[187] The formulation of the Arkansas Plan did not include this latter group. Approaching the legitimation stage, the Plan lacked popular support and carried the burden of strong interest-group opposition; these difficulties were compounded by the "no compromise" approach. Any legislative decision that disagreed with any of the many parts of the Arkansas Plan, such as the decision of the Joint Budget Committee to approve an eighteen percent increase in higher education funding rather than the five percent recommended by the Plan, had the effect of compromising the totality of the Plan. Several decisions like this one challenged individual parts of the Plan and undermined the concept of interrelatedness so that eventually, the "house of cards" collapsed.

Thus, legitimation did not occur. Pieces of the Plan passed: the public education equalization formula was changed, state taxes were not raised, and county governments were allowed to impose an income tax after a vote of the people. These were tangible, positive results of the effort that had been made. The Governor and his staff believe that there were intangible results as well, but it remains to be seen whether these will have any great value. Don Harrell sees a major success in an increasing of public awareness; "informational and inspirational," he terms it.[188] Governor Pryor noted that seldom is an idea involving such magnitude of change successful on the first attempt. "You have to keep introducing it until it becomes palatable to enough people.[189]

This analysis of the Governor's role in the making of public policy—the Arkansas Plan—is not complete, for Pryor failed to get past the legitimation state. We have seen in this case study and analysis, however, an example of the attempt of an executive leader of a state to create public policy. Governor Pryor exemplifies the political leader who decides that he has perceived a problem and formulates a solution to the problem; he rallies his staff to the support of his proposal, but fails to convince the Legislature of the appropriateness of his solution. One of the reasons for the Governor's failure may be involved with Pryor's view of his role as a political leader in a democratic system. As Jones notes, "agenda setting is a complex and tricky business in a democracy."[190] In his

analysis, Jones lists three agenda-setting options: "Let it happen," "Encourage it to happen," or "Make it happen."[191] In the first two instances, government activities "follow the signals and demands of the public" while in the third, "decision makers do not await the emergence of demands. They systematically review societal events for their effects and set an agenda of government action."[192] This third and most difficult of approaches seems to have been that taken by Governor Pryor.

The Legislature Reacts

Primarily, public policy creation is seen as a process of coordination between the executive and legislative branches. Sometimes the relationship is symbiotic and sometimes adversary, but is usually a cooperative effort. Our review of the Arkansas Plan, however, reveals a somewhat unusual situation. In the Arkansas Plan, the executive perceived, defined, and formulated policy, tried to aggregate and organize support, and finally failed to legitimize the proposal. The Legislature, left out of the early activities of perception, definition, and formulation, rejected the normal path of decision making and in a deviation from normal policy making initiated its own policy process starting not with the executive plan, but rather from its own perception of needs. Assisted by interest groups who were also excluded by the executive, the legislature reacted to the Arkansas Plan not by modifying the executive plan, but by creating its own plans based on its own perceptions and definitions. Of course, it would be somewhat misleading to describe the legislature as always speaking with one voice or preceding in one direction, but the following analysis shows legislative activity that corresponds to the Jones model of policy process.

As has already been stated, few individual legislators were included in the problem indentification stage of the Arkansas Plan. While at least one House member, Representative Lloyd George, had participated in the development of the content of the plan, the majority of the state's legislators' first glimpse of the plan occurred the night of October 11 when the Governor presented his proposal to both Houses of the Legislature.[193] The initial reaction of most legislative members has already been described as "cautiously optimistic," but within a matter of weeks, the legislative mood had turned to anger, confusion, and, finally, open hostility. The result was the initiation of a problem identification process by the Legisla-

ture or, more precisely, by individual members and committees of the Legislature.

Perception and Definition

The original version of the Arkansas Plan was perceived as a series of potential problems by those legislators interviewed as well as by interest group representatives interviewed. While the announcement of the Governor's Plan initally produced a reaction by the legislature, it soon become evident that the Legislature would be forced to address the issues raised by the Arkansas Plan. The problems defined by legislators and interest groups included the following objections to the Plan:

1. The proposed twenty-five percent income tax cut would jeopardize the state revenues, violate the progressive income tax concept, and make the total state tax system less equitable.
2. The sales tax option for counties and cities, if passed would be a regressive tax and would not be equally applied statewide. In addition, it would make enactment of an increase in the state sales tax more difficult.
3. County Quorum Courts would be involved in public school financing.
4. Local taxing authority would not replace revenue lost from eliminating city-county turnback funds.
5. The proposed transfer of revenue sharing money from highways to cities and counties would take away a viable source of revenue from highways and would not compensate the real needs of cities and counties. Cities and counties need operating revenue more than capital construction funds.
6. Quorum Courts were not yet ready to assume the additional responsibility granted under the Arkansas Plan. At the time of the Governor's proposal, the new members of the Court had not been elected , and the new Quorum Courts would not meet officially until January of 1977.
7. The state would lose its power to do anything about equalization of services at the local level and among the school districts.[194]

As can be seen, the legislators and interest groups perceived and defined the issues in reaction to the Governor's proposal. But included in this reaction are the seeds of identification of problems

that, since they have been articulated and made public by the Governor, must now be addressed through a public policy response. In short, the Governor had raised the issues through proposing the Arkansas Plan, and now the Legislature and the major interest groups would have to respond to them in their own ways. Whatever response might be made, the issues had, at this stage, been placed on the agenda of the state government.

Aggregation

Although each interest group perceived and defined its problems somewhat differently, a loose aggregation began to form. This aggregation included the Arkansas Highway Commission; the Arkansas Education Association; the County Judges Association; the American Federation of State, County and Municipal Employees; and the institutions of higher education in Arkansas.[195] The catalyst that brought these diverse groups together was the perceived potential for loss of revenue under the Arkansas Plan.

Organization

This loose aggregation of interests could not be called an "organization" as such. However, each group was well-represented within the Legislature and, in some cases, by members who held the key legislative committee assignments. This situation, along with general reluctance on the part of many legislators to support the Arkansas Plan for a variety of reasons, gave rise to an organizational effort within the Legislature that, though loosely-knit, would spell disaster for the Arkansas Plan.

Three other factors contributed to legislative hostility to the Arkansas Plan. First, as has been shown, with the exception of no more than two or three legislators who were to be floor leaders for the Governor, legislators were excluded from the planning or formulation stage of the original plan.[196] Furthermore, when they sought contact with the Governor, prior to the session, concerning aspects of the Plan, several legislators had the feeling that the Governor and his staff were either reluctant or unable to explain the Plan to them. For instance, John Miller, Chairman of the Arkansas Legislative Council, went to visit the Governor two or three days after the October 11 presentation. He voiced some concerns about

the plan's possible effects on the Highway Department, the effect of the public school's having to look to Quorum Courts for funding, and the unequal nature of county tax bases. According to Miller, the Governor's response was that "all the details of the plan have not been worked out yet, but when they were, Miller would approve."[197]

Following this meeting, Miller appointed a special committee of the Legislative Council with Representative Ode Maddox as chairman, to review the Pryor Plan. The committee asked the Governor for some written clarification of the Plan, but it was not satisfied with his answers. A later oral presentation before the Committee by the Governor and his executive secretary led Maddox to say that "the presentation failed to convince anyone, and even after the meeting, legislators still did not understand the plan or how it would work."[198]

Finally, in assessing his ability to shepherd legislation through the General Assembly, senior members of the Legislature felt that Governor Pryor lacked the skill necessary to "deal with Legislators," and that his administrative staff was "one of the worst ever."[199] These views created a serious handicap for the Governor in his attempt to lobby the Legislature effectively.

Thus, prior to the opening of the legislative session in January of 1977, the Arkansas Plan was perceived as a problem, and defined as such; aggregation and organization, regardless of how loose, had taken place among interest groups and within the Legislature.

Formulation

The formulation of policy and strategy not only to defeat the Governor's proposal but also to sugggest alternate solutions began prior to the legislative session. As with the aggregation and organization stages of the process, the formulation stage was loose and disjointed. Several proposals were offered by various legislators; some of these had support and input from interest groups, and others such as the Allen Alternative were simply one-man efforts to create alternatives for debate and discussion.

The first proposal to come forth was an attempt to compromise with the Governor over certain provisions of the Arkansas Plan that city and county spokesmen found objectionable. This proposal came from the Joint Interim Committee on City, County, and Local Affairs in late October of 1976.[200] It eliminated the tax cut provision of the Arkansas Plan, called for an increase in turnback funds of eleven percent for the next two years, but stipulated that there would be no

increase in turnback funds after 1979. Cities and counties would be given broad taxing authority to compensate for future losses.

While this proposal appealed to city and county officials, Governor Pryor decided not to compromise at this point. The proposal received little attention outside the halls of the Legislature; consequently, it was never considered a serious policy alternative by the press. The "Allen Alternative" (described in detailed in The 'History") was not so much the formulation of policy designed to combat the Arkansas Plan as it was an original attempt to formulate policy that would offer alternatives to the weaknesses Senator Allen and others found in the Governor's proposal.

Allen's plan was announced to the public in December of 1976.[201] It was significant for two reasons. It stimulated public debate on many aspects of the Pryor Plan that interest groups found to be problems, and it was the first public warning to the Governor that he would face a prolonged battle with senior members of the Legislature during the coming session.

Even though the Allen Alternative was enthusiastically endorsed by the *Gazette*, sparked public debate, and was the first public display of legislative opposition to the Arkansas Plan, once the session began it can be fairly stated the the Allen proposal was never seriously considered.[202] There are probably two reasons for this. First, the Allen Alternative was as comprehensive as the Governor's plan. While many of the defects cited by interest groups in the Governor's plan were eliminated in the Allen Alternative, the latter would have called for more fundamental changes in state and local government relations than the Legislature seemed willing to consider. Second, the Allen Alternative was the proposal of one man. He, like the Governor, had had little or no input from interest groups or other legislators in formulating the proposal.[203] Consequently, there was little, if any, commitment to pursue legitimation of his alternative. The Allen Alternative, in fact, had many of the same handicaps as the Arkansas Plan itself.

Approximately one month prior to the beginning of the legislative session, the Governor modified the original Arkansas Plan. These modifications, as noted in the "History", were intended to counter the opposition of cities and counties and highway officials, and it was hoped, to pick up needed legislative support. By this time, however, legislative opposition was rising in key House Committees and in the powerful Joint Budget Committee. Furthermore, the

Governor's December modifications gained little support from those interest groups for whom they were designed.[204] Legislative opponents and interest group representatives believed that at this point the best strategy was simply to let the Arkansas Plan kill itself.[205]

In February, however, as the legislative session approached the halfway mark, and unexpected turn of events occurred. By this time, the Governor had apparently recognized the futility of trying to get favorable votes on the legislation necessary to legitimize even the modified version of the Arkansas Plan; therefore, he compromised his Plan further by replacing it with what came to be known as the 10-7-3 plan. This plan, described in detail earlier, was quite appealing to city and county officials. Furthermore, it had been developed by and consequently had the backing of two respected members of the Joint Budget Committee, Representative Julian Streett and Senator Bill Walmsley.[206]

Some of the problems preceived by legislators and interest groups began to dissipate as a result of these modifications to the Arkansas Plan. The loose organization made up of interest groups and legislators, who in January were so overwhelmingly opposed to the Plan, found little common ground for opposition to the modified Plan, and the coalition started to unravel. Although the AEA and higher education representatives remained strongly opposed, cities and counties and even the AFL-CIO were quietly pleased with the 10-7-3 proposal.

Nevertheless, senior members of the Joint Budget Committee and several senior members of the House of Representatives, who had publicly stated that the Arkansas Plan would destroy the fiscal integrity of state government, believed that the 10-7-3 plan only increased this problem. Some legislators also admitted that many of their colleagues liked the existing turnback arrangement whereby cities and counties had to plead their case for operating revenues before the Legislature at each session.[207] Further, it was argued, the turnback system gave the Legislature some oversight over local government operations and spending. Consequently, the Joint Budget Committee, acting in direct opposition to the wishes of some of its own members, formulated a proposal and a strategy that would appeal to cities and counties; this act would lead to the eventual defeat of the 10-7-3 plan and, for all practical purposes, would kill the basic concepts of the Arkansas Plan.[208] As the "History" has pointed out, on the very day that legislation incorporating the 10-7-3

plan passed the Senate, the Joint Budget Committee had recommended $31 million for 1978 and $35 million for 1979 in turnback to counties and cities and had given these appropriations a high priority in the Revenue Stabilization Act. This in effect guaranteed one of the largest biennial increases in turnback funds that counties and cities had ever received.

One senior member of the Joint Budget Committee felt that this action by the Committee, in combination with a hard core of unfaltering opposition to the precepts of the Arkansas Plan, was responsible for the ultimate defeat of the 10-7-3 plan.[209]

In summary, the success of the Legislature in defeating the Arkansas Plan can be attributed to several factors. First, and more generally, the legislative process itself contains a built-in conservative bias which makes it extremely difficult to pass programs involving comprehensive and fundamental changes such as those which were contemplated in the Arkansas Plan. Second, even though the aggregation and organization of those interest groups opposed to the Arkansas Plan were loose and unstructured, their input was sought and their views continually represented in the Legislature by senior members on key legislative committees. Third, in the formulation of strategy and policy, interest group demands were taken into account and were represented by legislative groups opposed to the Plan. Finally, Governor Pryor's reluctance to include more legislators in the formulation stage of his original Plan left key legislators unclear about the Plan and , what was worse, offended and alienated because their advice had not been sought.[210]

Summary and Conclusions

Government in the United States is based upon certain structural tenets of the democratic system. Such aspects of government as separation of powers, checks and balances, individual freedom of expression, access to the policy making process, free elections, and federalism operate to define the limitations of government and to establish the parameters of public policy making. Rational policy is not easy to develop given the structural as well as the political and social limitations placed upon policy makers. The successful policy formulator (the individual or group that perceives problems, discovers solutions, and sees policy created and carried through to provide the resolution of the problem foreseen) is the individual or group that understands and uses the established governmental system to advantage, has perceived the problem correctly, and has been blessed with a certain amount of good luck. It is virtually impossible, however, given the "limitations" of the American system, to expect policy makers to be completely successful. In the American system, compromise is necessary. The formal and informal checks on governors and legislatures, the constitution, pluralism, the media and mass communications, the democratic nature of the American people, the state of the economy, and the ambition, selfishness, and pride of political actors, among other variables, all have an impact upon policy, limit the formulators, and necessitate adjustment and readjustment of policy. In a representative political system made up of freely elected legislators, utopian or "perfect" solutions are not possible. The solutions arrived at are simply those found acceptable by a majority of the participants.

Essential to this case study is an understanding of the constraints which operate on any policy-making system and a recognition that such constraints must necessarily affect a major policy making process such as the introduction of the Arkansas Plan by Governor Pryor. To this point we have reviewed the short life of the Arkansas Plan and analyzed both the Governor's and the Legislature's activities in relation to the Plan using Charles Jones's policy analysis model. Keeping the format used to analyze the actions of the executive and the Legislature, we can now draw conclusions based on the functional activities undertaken (or not undertaken) by each branch as it progressed through the policy process.

Perception

The perception of events by the Governor was augmented and expanded through discussions with his friend and aide Steve Nickles. The perception activity was basically theoretical and philosophically oriented. The two friends agreed that the problems they perceived to be significant were lack of coordinated control over the growth of state government and the usurpation of local control. While these problems no doubt exist and are important, they are in the view of most state citizens somewhat ethereal and not easily translated to specifics. That is, although ordinary citizens may be aware of being affected by these problems of control, such concepts are not easily linked to issues of immediate concern such as taxes, highways, education, inflation, or trust in government.

The Legislature first perceived the Arkansas Plan as something to react to. The Legislature initially saw the problem created by the Plan as one that would put status-quo and interest-group funding in jeopardy and would erode its own power to control state expenditures. Soon, however, legislative committees, individual legislators, and interest-group representatives perceived events such as local taxing authority, home rule, education-fund equalization, and department autonomy as important issues, and they provided solutions. The Arkansas Plan prodded the Legislature to involve itself in the activity of perception and to act.

A major lesson to be learned from the perception phase of the policy process as applied to the Arkansas Plan is that awareness of a problem is necessary in the participants. If the problem to be addressed is not perceived as a problem by the persons involved, then the possibilities of success are greatly limited. To overcome this limitation, the problem solver must take on the task of educating the participants to achieve that awareness.

Definition

Governor Pryor and Nickles defined the problem they perceived as one of uncontrollable state growth and lack of control over government by the people most affected at both the state and local levels. The two designers of the Arkansas Plan were convinced of the need to place more control over government in the hands of the people, especially at the local level.

The Legislature, on the other hand, defined the problem as a loss of legislative control over state expenditures and a placing of too

much power in the hands of the possibly weak local governments. The Legislature desired to maintain control over Arkansas government. The Legislature was also worried about the effect of the Plan on the maintenance of the status quo, the special needs of interest groups, and its own policies of slow, steady, incremental growth.

The problems defined by the Governor and the Legislature were not compatible; in fact, they were in conflict. The Governor defined the need and wanted rapid, almost revolutionary, change while the Legislature desired to maintain its current control over slow, controlled change.

Aggregation

Pryor's strategy for aggregation of support moved from the specific—his staff—to the general—the public. As we have seen, he perceived and defined the issues and attempted to "make it happen" rather than wait for public demand and "let it happen". The Governor's strategy, after getting staff support, was "to go to the people" and "let them sell it to their legislators." This type of aggregation is probably the most difficult to accomplish. The Governor seems to have made two other mistakes at this point: 1) he attempted to keep the proposal secret and did not discuss his plan with those interest groups most affected, and 2) the aggregation phase for the most part came after a "no compromise" formulation of the plan.

Given Governor Pryor's response, the Legislature became almost automatically the only place to which the interest groups could turn. In this way the Legislature became the catalyst and, as such, aggregated its support almost by accident. In the later stages of the process, the anti-Arkansas Plan coalition began to break up as the Legislature began to present alternative plans, but there was still enough support for the key members of the Legislature to defeat the last variation (10-7-3) of the Arkansas Plan.

Thus the Governor did not aggregate support prior to the formulation of the plan while the Legislature responded to traditional interest-group support and became a catalyst almost by default. Neither party was especially strong as an aggregator of support.

Organization

The Governor apparently misunderstood or chose to ignore certain aspects of our pluralistic society. He did not attempt to rally the interest groups to his plan but decided rather to go to the people.

He thus attempted to convince the most difficult group. The Arkansas Plan dealt with many aspects of state and local government and was enormously complex, yet the Governor chose to attempt to mobilize the citizenry to support his plan through an educational program. One of the difficulties of such a program was that an understanding of the Arkansas Plan would have to be based on an understanding of the operation of Arkansas state and local government as it then existed. To speak of "minimum foundation aid," "revenue sharing," "amendment 55," "turnback," and "the Revenue Stabilization Act" as if they were common knowledge and then to propose radical changes in these policies is to attempt more than is possible in a short time. Pryor's concept of populism seemed to clash directly with the existence of a more entrenched pluralism. The regional meetings were neither extensive nor inclusive; they could neither provide the massive public education needed, nor overcome the handicap created by that need.

By its very nature, the Legislature is organized, and its tendency is to react. The structure of the Legislature lends itself to problem-solving through compromise and barter. A major function of a legislative body is to allow its organization to grope with an issue until a majority of the members are satisfied with a solution. The Legislature also reacts to the demands of its publics, be they interest groups or citizens at large. The Arkansas General Assembly thus needed to undertake no special actions to respond to the Governor's proposal.

Representation

In the Arkansas Plan, the activity of representation played a minor role. Representation refers primarily to the access to government of publics with problems. The governor perceived "the people" to be his public and viewed himself as the presentor of their problem to government. Unfortunately for the Governor, the people had not perceived the problem as he had nor demanded the leadership he thought necessary. The Legislature represented the interest groups well in their opposition to the Arkansas Plan. At times the Legislature seemed to represent many of these special interests but at other times seemed to play one interest against another. There is probably no major interest group, however, that was not represented at one time or another and no interest group that was badly damaged by the final outcome of the policy process.

Formulation

The Governor, as had been previously noted, formulated the Arkansas Plan prior to aggregation and organization, and thus too early in the process. The formulation by the Governor was therefore narrow in terms of input and produced a plan that had limited support.

The legislature provides no example of formulation as such but rather an example of incremental compromise that resulted in a limitation to policy. Various attempts at policy formulation were made by the Joint Interim Committee on City, County, and Local Affairs and by Senator Allen. Even the 10-7-3 plan was of legislative origin, but all of these attempts failed or were compromised in the final legislative solution.

Legitimation

The Governor's plan never reached this stage. The Legislature prevailed and legitimated its policy through the rather normal legislative process of compromise and cooptation. The various publics and interests were dealt with, none were badly damaged, and some were helped. In the end, little important change occurred.

Some General Observations

While we have used Jones's framework as a method of investigating and analyzing the Arkansas Plan, it is obvious that we have followed the model only part way though its process. The final result of the Arkansas Plan in terms of policy change was so minor that it is unnecessary to explore the areas of program implementation, evaluation, and termination that Jones's model provides. We do believe that the framework is valuable, even if used only in part, as it does provide a means of developing insight into public policy processes.

Two general observations can be drawn from the analysis:

1. The Arkansas Plan was formulated by the Governor as a totality; its formulation indicated a comprehensiveness of planning on the part of the Governor and it met the needs of the issues as he had perceived and defined the problems. The strategy to implement the Plan, however, was imperfect. Formulation occurred in a very limited and closed environment. Major actors—the Legislature and special in-

terest groups— were not included. The attempt to convince the people of its necessity and to then have them convince their legislators failed. In the end the plan itself proved more important to the Governor than the strategy to get it approved. In a representative system with its separation of powers and checks and balances, the strategy for approval in the policy process should command as much attention and time as the policy itself.

2. The Arkansas Plan was a complete (and unchangeable) program. It was designed as a whole and was described as a "mosaic," or a "package" by its creators. This carefully constructed and finely turned total plan created a complete solution to the problems defined by the Governor, but this method of problem solving also carried with it the seeds of its defeat. The "package" had to proceed through the legislative process intact. The Governor issued a strong "no compromise" statement and refused to consider alternatives until he saw defeat looming. It is our opinion that the "no compromise" feature of the Plan was not included simply because it might place the Governor in a better bargaining position with the Legislature but rather, because the Governor felt the "package" to be the perfect plan—one that could be violated by the legislative process. The Legislature, however, by its very nature is a body designed to accommodate opposing views. The normal procedure for a legislative body is to compromise to the point of passage. When enough compromises are made and enough support gathered, the proposal in question is acceptable and a bargain has been struck; the proposal has been shaped to satisfy those interests represented in the legislative process. The Governor's plan was not amenable to this type of bargaining, for it was a total package with each portion dependent on the other for a rational, workable program.

Governor Pryor was not unaware of many of the problems that plagued the Arkansas Plan and that have been discussed in this study. In fact, he acknowledges that the Plan was not developed because of strong citizen dissatisfaction or demand for change. Despite this lack of a constituency, Governor Pryor felt that a leader has an obligation to translate problems as he sees them into governmental action and to "take the idea from zero and develop it."[211] Citizens may realize there are problems, but they have a difficult

time translating such things as "higher taxes, unresponsive government and poor service" into a legislative program. This translation, Pryor feels, is the function of political leadership. He sees the role of the politician as one of leading, not following, the public.[212]

In fact, Pryor's concept of political leadership, where the Arkansas Plan was concerned, is strikingly similar to Edmund Burke's well-known concept of representation—that a representative must follow his own judgment no matter what the political consequences might be. Governor Pryor's personal advisors, anticipating the defeat of the Arkansas Plan, warned him of the political dangers of this style of leadership. It is interesting to note, however, that while Edmund Burke was defeated for re-election in his Bristol district, Governor David Pryor, in 1978, easily won election to the United States Senate in a campaign in which the Arkansas Plan was hardly mentioned.

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Appendix

Framework for Analysis for Arkansas Plan*

Functional Activities	Categorized in Government	And as System	With Output
Perception Definition Aggregation Organization Representation	Problems to Government	Problem Identification	Problem to Demand
Formulation Legitimation Appropriation	Action in Government	Program Development	Proposal to Budget Development
Organization Interpretation Application	Government to Problem	Program Implementation	Varies (service, payments, facility controls, etc.)
Specification Measurement Analysis	Program to Government	Program Evaluation	Varies (Justification , recommendations, etc.)
Resolution Termination	Problem Resolution or change	Program Termination	Solution or change

*From **An Introduction to the Study of Public Policy** by Charles O. Jones: ©1977 by Wadsworth Pub. Co., Inc., Belmont, California 94002, p 12. Reprinted by permission of the publisher, Duxbury Press.

Footnotes

1. *Newsweek*, December 20, 1976, pp. 29-30.

2. *Courier-Journal* as quoted in the Arkansas *Gazette*, October 31, 1976, p. 3E; *Globe-Democrate* as quoted in the Arkansas *Democrat*, December 18, 1976, p. 4A; *Wall Street Journal*, November 22, 1976, p. 20.

3. Governor David Pryor, Interview, July 11, 1976

4. Arkansas Legislative Council, *Selected Statistical Financial Data for Arkansas: Schedule B* (Little Rock: Arkansas Legislative Council, 1976), pp. 31 and 56.

5. *Arkansas Municipalities*, September, 1976, pp. 8-13.

6. *Ibid.*

7. Pryor interview.

8. Ernest Dumas, "Doctoral Student Was Midwife at Birth of Pryor's Plan," Arkansas *Gazette*, November 14, 1976, p. 12A.

9. *Ibid.*

10. The second issue is noted by Dumas, *Ibid*, 12A.

11. Interview with Steve Nickles, staff advisor to Governor Pryor, May 3, 1977.

12. Dumas, "Doctoral Student Was Midwife," p. 12A.

13. *Ibid.*

14. Interview with Richard Heath, Director of the Department of Finance and Administration, April 14, 1977.

15. Interview with Steve Clark, staff advisor to Governor Pryor, March 29, 1977.

16. Dumas, "Doctoral Student Was Midwife," p. 12A.

17. Unattributed quote from July 20th meeting.

18. Heath Interview.

19. Dumas, "Doctoral Student Was Midwife," p. 12A.

20. Heath Interview.

21. Arkansas *Gazette*, August 14, 1976, p. 1.

22. Arkansas *Democrat*, August 14, 1976, p. 1.

23. Arkansas *Gazette*, September 19, 1976, p. 3E.

24. *Ibid.*, September 1, 1976, p. 14A.

25. Interview with J. Bill Becker, President of Arkansas AFL-CIO, April 25, 1977.

26. Arkansas *Gazette*, October 6, 1976, p. 1.

27. Arkansas *Democrat*, September 30, 1976, p. 1.

28. *Ibid.*, October 1, 1976, p. 5A.

29. Interview with William Overton, personal advisor to Governor Pryor, June 1, 1977.

30. Dumas, "Doctoral Student Was Midwife," p. 12A.

31. Interview with Representative John Miller, Chairman of Arkansas Legislative Council, May 17, 1977.

32. Arkansas *Gazette*, October 6, 1976, p. 1.

33. Address of Governor David Pryor to the Arkansas Legislative Council, October 11, 1976, p. 9.

Footnotes

34. Governor Pryor proposed a new equalization formula for determining how much state assistance a school district receives under the Minimum Foundation Aid program. After some changes in the timetable, his new formula, rewarding districts with rapidly growing school populations, was passed and became Act 384 of 1977. However, the threat of a legal suit by third parties to remedy some of the discrepancies in per pupil expenditures by school district under the old formula may have forced the Legislature to act or, at least, made it more receptive to the changes suggested by Governor Pryor. Pryor's equalization proposal was dealt with separately by the Legislature as a matter divorced from the Arkansas Plan. (Interview with John Ryles, State Budget Director, April 4, 1977.)

Along the same lines, Pryor's recommendations to change the 80 per cent law or rule was also presented as part of the Arkansas Plan although it was likewise treated by the Legislature as a separate matter. The 80 per cent law provided that of all new monies appropriated for salaries of public school teachers, 80 per cent must be used to raise the salaries of existing teachers. The remainder could be used for hiring new teachers. Pryor felt this law to be too inflexible, and although it was retained basically intact, there was some relief provided for rapidly growing districts with an urgent need to hire new teachers.

35. Arkansas *Democrat*, October 12, 1976, p. 1.

36. Although passed in 1974, some of the provisions of Amendment 55 did not take effect until 1977.

37. Dumas, "Doctoral Student Was Midwife," p. 12A.

38. Interview with Marcus Halbrook, Director of the Arkansas Legislative Council, March 29, 1977.

39. Ernie Dumas, "Doubts Descend Upon Mr. Pryor's Conception," Arkansas *Gazette*, October 17, 1976, p. 3E.

40. Arkansas *Democrat*, October 12, 1976, p. 3A.

41. Interview with Representative Ode Maddox, Chairman of the Legislative Council Special Committee to Review the Arkansas Plan, June 17, 1977.

42. Arkansas *Democrat*, October 26, 1976, p. 1.

43. Maddox Interview.

44. Interview with Forrest Rozzell, Executive Secretary of the Arkansas Education Association, April 11, 1977.

45. Arkansas *Gazette*, October 17, 1976, p. 1.

46. Interview with Courtney Langston, Executive Director of the Association of Arkansas Counties, April 12, 1977.

47. Arkansas *Gazette*, October 21, 1976, p. 1.

48. *Ibid.*, October 13, 1976, p. 1.

49. Interview with Don Zimmerman, Executive Director of the Arkansas Municipal League, April 21, 1977.

50. Arkansas *Democrat*, October 22, 1976, p. 1.

51. Arkansas *Gazette*, October 13, 1976, p. 6A.

52. Arkansas *Democrat*, October 13, 1976, p. 4A.

53. As reported in the Arkansas *Gazette*, October 17, 1976, p. 3E; and in the Arkansas *Democrat*, October 23, 1976, p. 5A and October 30, 1976, 4A.

54. Arkansas *Gazette*, October 18, 1976, p. 1, and October 20, 1976, p. 15A.

55. *Ibid.*, October 23, 1976, p. 1.

56. *Ibid.*, October 29, 1976, p. 1.

57. Arkansas *Democrat*, October 29, 1976, p. 1.

Footnotes

58. *Ibid.*, October 30, 1976, p. 12A.

59. The six other regional meetings were held at Mountain Home, Fayetteville, Monticello, Fort Smith, Prescott, and Forrest City.

60. Arkansas *Gazette* November 5, 1976, p. 1. The officials would be Steve Clark, Assistant to the Governor; Dick Heath, Director of the Department of Finance and Administration; Jim Wooten, Director of the State Commerce Department; and Ron Copeland, Director of the Department of Local Services.

61. *Ibid.*, November 18, 1976, p. 17A.

62. *Ibid.*, December 2, 1976, p. 7A, and December 1, 1976, p. 2A.

63. Interview with Kaneaster Hodges, lawyer and personal advisor to Governor Pryor, May 23, 1977.

64. Arkansas *Gazette*, November 30, 1976, p. 5B.

65. Arkansas *Gazette*, December 5, 1976, p. 3E.

66. *Ibid.*, November 17, 1976, p. 1.

67. *Ibid.*

68. *Ibid.*

69. *Ibid.*, November 19, 1976, p. 1.

70. Rozzell Interview.

71. Address of Forrest Rozzell to the annual meeting of the Arkansas Education Association, November 23, 1976, p. 9.

72. Arkansas *Democrat*, November 30, 1976, p. 5A.

73. Arkansas *Gazette*, November 17, 1976, p. 3A.

74. *Ibid.*, November 21, 1976, p. 29A.

75. *Ibid.*, November 16, 1976, p. 6A.

76. *Ibid.*, November 21, 1976, p. 3E.

77. *Ibid.*, December 14, 1976, p. 1B.

78. Arkansas *Democrat*, December 9, 1976, p. 3A.

79. Becker Interview.

80. Arkansas *Democrat*, November 18, 1976, p. 1A.

81. *Ibid.*, November 27, 1976, p. 5A; December 4, 1976, p. 1E; Arkansas *Gazette*, November 28, 1976, p. 3E.

82. Interview with Senator Ben Allen, May 19, 1977.

83. Arkansas *Gazette*, December 11, 1976, p. 1.

84. *Ibid.*, December 14, 1976, p. 1A.

85. *Ibid.*, p. 6A.

86. *Ibid.*, December 19, 1976, p. 3E.

87. Allen Interview.

88. Arkansas *Gazette*, December 8, 1976, p. 1.

89. Arkansas *Democrat*, November 20, 1976, p. 1.

90. Maddox Interview.

91. Miller Interview.

Footnotes

92. Arkansas *Gazette*, December 9, 1976, p. 3A.

93. Interview with Senator Bill Walmsley, May 19, 1977. Those involved included Representatives Julian Streett, John Miller, and Lloyd George, and Senators Dooley Womack and Bill Walmsley.

94. Clark Interview.

95. Address of Governor David Pryor to the Arkansas Legislative Council, December 20, 1976, p. 5.

96. Arkansas *Gazette*, December 21, 1976, p. 1.

97. As quoted in the Arkansas *Gazette*, December 26, 1976, p. 3E.

98. Bob Lancaster, "Pryor's revisions strip plan of soul," Arkansas *Democrat*, December 21, 1976, p. 1.

99. Arkansas *Democrat*, December 26, 1976, p. 24A; Pine Bluff *Commercial* as quoted in the Arkansas *Gazette*, December 26, 1976, p. 3E.

100. Arkansas Constitution, Amendment 19, section 38 (1934).

101. Arkansas *Gazette*, December 21, 1976, p. 1.

102. Interview with Marion Crank, Legislative Consultant to the County Judge's Association, May 10, 1977.

103. *Ibid.*

104. Arkansas *Gazette*, January, 12, 1977, p. 9A.

105. Arkansas *Democrat*, January 11, 1977, p. 1.

106. Arkansas *Gazette*, January 12, 1977, p. 3A.

107. Miller Interview.

108. Interview with Representative Julian Streett, May 19, 1977. The legislators who attended the meetings were Representatives John Miller, Julian Streett, Lloyd George, Jimmy Brewer, Doug Adams, John Paul Capps, and Senators Bill Walmsley and Dooley Womack.

109. Interview with Representative Lloyd George, May 19, 1977.

110. Walmsley Interview.

111. Arkansas *Daily Legislative Digest* (Little Rock, Arkansas: General Publishing Co., January 10-April 6, 1977), p. H1-27. Hereafter cited as *Legislative Digest*.

112. Arkansas *Gazette*, February 4, 1977, p. 19A.

113. *Legislative Digest*, February 8, 1977, p. H1-68.

114. *Legislative Digest*, February 9, 1977, p. A-64.

115. *Ibid.*, February 10, 1977, p. A-68.

116. *Ibid*

117. *Ibid.*, February 14, 1977, p. A-75.

118. Arkansas *Gazette*, February 19, 1977, p. 6A.

119. *Legislative Digest*, February 21, 1977, p. A-94.

120. *Legislative Digest*, February 23, 1977, p. S1-68.

121. *Ibid.*, January 20, 1977, p. H1-33.

122. Arkansas *Gazette*, January 23, 1977, p. 20A.

123. Bill Simmons, Associated Press Reporter, "Legislative Work Just Starting," Arkansas *Democrat*, January 24, 1977, p. 8A.

124. *Legislative Digest, January 27, 1977, p. A-35.*

125. Arkansas *Gazette*, January 28, 1977, p. 1.

126.*Ibid.*, February 3, 1977, p. 12A.

127. *Ibid.*, February 13, 1977, p. 4A.

128. *Legislative Digest*, February 15, 1977, p. H-N-22.

129. Walmsley Interview.

130. Arkansas *Gazette*, February 16, 1977, p. 1.

131. For purposes of reference, the February 15 Plan will be referred to as 10-7-3.

132. Arkansas *Gazette*, February 17, 1977, p. 4A.

133. Arkansas *Democrat*, February 16, 1977, p. 14A.

134. Arkansas *Gazette*, February 16, 1977, p. 2A.

135. As quoted in the Arkansas *Democrat*, February 25, 1977, p. 4A.

136. As quoted in the Arkansas *Gazette*, February 27, 1977, p. 3E.

137. *Legislative Digest*, February 15, 1977, pp. HI-78, SI-57.

138. **Ibid.**, February 22, 1977, p. A-98; February 24, 1977, p. A-106.

139. Miller Interview; Maddox Interview; Arkansas *Democrat*, March 1, 1977, p. 1; Arkansas *Gazette*, March 2, 1977, p. 1; March 6, 1977, p. 16A; March 9, 1977, p. 4A.

140. The Revenue Stabilization Act is divided into categories that are based on projected revenues for the next two years; category A is normally funded completely, category B is usually funded partially, and category C is seldom funded.

141. Arkansas Constitution, Amendemnt 19, Section 39, (1934).

142. *Legislative Digest*, March 3, 1977, p. A-126.

143. Arkansas *Gazette*, March 5, 1977, p. 12A.

144. Langston and Zimmerman Interviews.

145. Arkansas *Gazette*, March 8, 1977, p. 1.

146. *Ibid.*

147. *Legislative Digest*, March 7, 1977, p. A-131.

148. Arkansas *Democrat*, March 9, 1977, p. 1A.

149. Arkansas *Gazette*, March 9, 1977, p. 1.

150. Miller and Maddox Interviews.

151. *Legislative Digest*, March 15, 1977, p. A-162.

152. *Ibid.*, March 9, 1977, p. A-143.

153. Act 942 of 1977.

154. Arkansas *Gazette*, March 20, 1977, p. 1.

155. Charles O. Jones, *An Introduction to the Study of Public Policy*, Second Edition (North Scituate, Massachusetts: Duxbury Press, 1977).

Footnotes

156. For an outline of Jones's model, see Appendix.

157. Jones, p. 27.

158. Interview with Governor David Pryor, July 11, 1977.

159. Ernie Dumas, "Doctoral Student was Midwife at Birth of Pryor's Plan," Arkansas *Gazette*, November 14, 1976, p. 12A.

160. Pryor interview.

161. As quoted in the Arkansas *Gazette*, October 12, 1976.

162. Jones, p. 27.

163. Interview with Steve Nickles, May 3, 1977.

164. Jones, p. 27.

165. Jones, pp. 28-29.

166. *Ibid.*

167. Jones, p. 29.

168. Jones, p. 57.

169. Interview with Richard Heath, April 14, 1977.

170. Interview with Don Harrell, March 28, 1977.

171. *Ibid.*, quoting Patty Howe.

172. Interview with Ray Scott, April 7, 1977.

173. Jones, p. 59.

174. Interview with Bert Wakeley, March 29, 1977.

175. Interview with Ron Copeland, April 8, 1977.

176. Interview with Richard Heath, April 14, 1977.

177. Harrell interview. Gray vowed to fight the Plan because it would reduce state expenditures for highways.

178. Interviews with Bill Wilson, May 26, 1977; Bill Overton, June 1, 1977; and Kameaster Hodges, May 23, 1977.

179. Interview with Steve Clark, March 29, 1977.

180. Representative Lloyd George was contacted prior to the public presentation of the Plan and made some input in the formative stages, according to an interview with him held on May 19, 1977. Other legislative supporters seem not to have been contacted prior to the public announcement on October 11, 1976.

181. Copeland interview.

182. Clark interview.

183. Pryor interview.

184. *Ibid.*

185. Harrell interview.

186. Pryor interview.

187. Jones, pp. 49-62.

188. Harrell interview.

189. Pryor interview.

190. Jones, p. 37.

Footnotes

191. Jones, pp. 37-38.

192. Jones, p. 38.

193. Interview with Representative Lloyd George, May 19, 1977. Interviews with other legislators and aides of Governor Pryor confirmed this.

194. Summarized from interviews with Senator Ben Allen, May 19, 1977; Representative Ode Maddox, June 17, 1977; Representative John Miller, May 17, 1977; and Representative Julian Streett, May 19, 1977. Also interview with Marcus Halbrook, Director of the Arkansas Legislative Council, March 29, 1977.

195. Interviews with Forrest Rozell, Executive Secretary of the Arkansas Education Association, April 11, 1977; Courtney Langston, Executive Director of the Association of Arkansas Counties, April 12, 1977; Don Zimmerman, Executive Director Arkansas Municipal League, April 21, 1977; Marion Crank, Legislative Consultant to the County Judges Association, May 10, 1977; J. Bill Becker, President of Arkansas AFL-CIO, April 5, 1977; and Jeane Lamie, President of Arkansas State Council 38 of the American Federation of State, County, and Municipal Employees, March 30, 1977.

196. Lloyd George interview.

197. Miller interview.

198. Maddox interview.

199. Maddox interview and Streett interview.

200. Arkansas *Gazette*, October 29,1977. p. 1.

201. Allen interview.

202. *Ibid.*

203. *Ibid.*

204. Becker interview, Lambie interview, and Crank interview.

205. Maddox interview.

206. Streett interview.

207. Maddox interview and Streett interview.

208. *Ibid.*

209. Maddox interview.

210. Allen interview.

211. Interview with Governor David Pryor, July 11, 1977.

212. *Ibid.*